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Foreign Agricultural Economic Report No. 81

JAPANESE OVERSEAS AID AND INVESTMENTS ..

their potential effects on world and U.S. farm exports

U.S. DEPARTMENT OF AGRICULTURE / ECONOMIC RESEARCH SERVICE

ABSTRACT

To diversify sources of agricultural imports, Japan has been promoting production-for-export ventures in foreign countries. By 1980, these projects will have generated increases on the world market of millions of tons of feed grains and oilseeds, and several hundred thousand tons of cotton. These products will compete directly with those of the United States, Japan's leading supplier in 1970. Japanese foreign aid is projected to expand rapidly. The total for Japanese overseas investments is officially projected to expand from \$3.6 billion in 1971 to \$10 billion in 1975 and to \$25 billion in 1980. Most expenditures will be directed to oil, gas, mineral, and timber extraction ventures, to increase supplies of the raw materials required by Japan's rapidly expanding industries. Significant investments will be made for production-for-export programs and in infrastructure projects that will contribute to farm product exports. Japanese imports of these products will make it increasingly difficult for the United States to maintain its recent share of the market. However, the growth of the market will provide new opportunities if the United States remains fully competitive and a thoroughly reliable source of supply.

Keywords: Japan, agricultural products, United States, agricultural exports, market, agricultural imports, policy, foreign aid, investment, developing countries.

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SUMMARY

By 1980, Japanese overseas aid and investment programs will have generated increases on the world market of millions of tons of feed grains and oilseeds, and several hundred thousand tons of cotton. Since most of this increase will go to Japan, the United States, as a major supplier to that country, will face direct competition in increasing its share of the Japanese market.

Spurred by commitments to the United Nations, Japanese overseas aid and investments in less developed countries totaled \$1.8 billion in 1971. The Japanese Government has pledged to reach the U.N. aid goal for developed countries of 1 percent of gross national product by 1975. Japan's aid is both financial and technical.

Japan is the leading market for U.S. agricultural exports. Of the \$7.2 billion the United States received for farm exports in 1970, Japan supplied \$1.3 billion. The United States provided 32 percent of Japan's imports of agricultural commodities, which totaled \$4.2 billion in 1970. When commodities in which the United States has no export interest are excluded, the U.S. share of the market is close to one-half.

By 1980, the United States probably will not have suffered a reduction in its feed grain export volume to Japan. However, the United States probably will not maintain its present share of Japan's feed grain market. Much of the increased import requirements may be met by production of Japanese overseas projects. The United States may fare better in oilseeds, because Japan's production-for-export oilseed projects are recent, and their output speculative.

Japan's overseas programs are aimed at: (1) assuring ample supplies of agricultural products and industrial raw materials for Japan's needs; (2) diversifying sources to secure constant supply; (3) increasing supplies in world trade to lower and stabilize prices; (4) providing foreign exchange to LDC's so they can purchase Japanese industrial products; and (5) obtaining the good will of countries receiving aid.

Total Japanese investment is projected to expand from \$3.6 billion in 1971 to \$10 billion in 1975 and to \$25 billion in 1980. Investments in agricultural production projects, while significant, will continue to represent only a small part of the total. However, large investments in roads, port facilities, and other infrastructure will contribute to expanded exports of farm products from a number of countries. These investments should concurrently boost imports into those countries.

A high percentage of Japanese overseas investments will go into oil, gas, mineral, and timber extraction ventures. Less developed countries with an abundant supply of cheap labor and policies and practices favorable to foreign

investors can expect a rapid growth in manufacturing ventures involving Japanese capital and technology. A substantial portion of the output of such ventures may be for export.

Japan's foreign aid efforts have been concentrated in Southeast Asia. Now the policy is to expand aid more rapidly in Africa and Latin America, and to support production-for-export ventures in Australia and certain other developed countries. The countries considered most likely to show significant increases in agricultural exports as a result of Japanese programs are Australia, Brazil, Cambodia, Indonesia, and Thailand.

Part of the production of Japanese-assisted projects will move into third country markets. However, new demands developing in the Japanese market will provide opportunities for expanding sales of many U.S. food items.

Japan is expected to continue to expand the implementation of its policy of promoting production-for-export ventures overseas. Therefore, the United States must be fully competitive in overseas markets and thoroughly reliable as a source of supply.

JAPANESE OVERSEAS AID AND INVESTMENTS--THEIR POTENTIAL EFFECTS
ON WORLD AND U.S. FARM EXPORTS

by

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INTRODUCTION

Since colonial days, U.S. agricultural interests have realized the importance of farm commodity exports to the overall economy as well as to farmers. As the United States became increasingly urbanized and industry oriented, the importance of foreign markets for U.S. agricultural products received less general attention. However, balance-of-payments problems that led to the floating of the dollar in August 1971 again emphasized the importance of farm product exports to the maintenance of a healthy national economy.

In 1970, U.S. exports of all commodities totaled \$42.6 billion; farm products accounted for \$7.2 billion (table 1) (34). 1/ Japan was the leading overseas market for total and farm product exports. U.S. exports to Japan totaled \$4.6 billion; agricultural products accounted for \$1.2 billion, or 17 percent of farm product exports to all destinations.

Soybeans was the leading item exported to Japan; shipments totaled 3 million tons, 2/ valued at \$305 million, or 25 percent of all U.S. soybean exports in 1970 (tables 1 and 2) (34). Corn was second, with shipments worth \$235 million, equal to 29 percent of the total to all destinations. Wheat was third at \$157 million, or 16 percent. The value of sorghum and millet exports to Japan totaled \$129 million, equal to 66 percent of the total shipped abroad. Japan accounted for 87 percent of U.S. export shipments of both wheat bran and safflowerseed and 81 percent of alfalfa meal and pellets exports. In addition, it was the market for 20 percent or more of U.S. exports of pork, lemons, raisins, cattle hides, and cotton. Japan is also an important market for tobacco, tallow, and numerous other farm commodities.

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1/ Underscored numbers in parentheses refer to items in Selected References.

2/ Tonnages in the report are metric.

Table 1.--Value of exports of selected U.S. agricultural products, total and to Japan, and their percentage of total exports, average 1965-69 and 1970

Commodity	Average 1965-69			1970		
	Total	To Japan		Total	To Japan	
	value	Value	% of total	value	Value	% of total
	1,000 dol.	1,000 dol.	Pct.	1,000 dol.	1,000 dol.	Pct.
Beef and veal . . .	16,391	213	1	20,095	1,377	7
Pork	20,706	7,282	35	17,295	7,703	45
Poultry meat . . .	42,888	3,909	9	39,098	3,696	9
Nonfat dry milk . .	82,154	3,176	4	102,098	34	--
Wheat	1,059,735	126,192	12	1,011,766	157,487	16
Rice	297,699	16,987	6	306,273	190	--
Barley	45,739	7,608	17	39,586	--	--
Corn	774,659	137,408	18	823,861	235,147	29
Sorghum & millet .	233,704	95,069	41	196,229	129,379	66
Lemons & limes . .	22,487	7,546	34	29,311	13,063	45
Almonds, shelled .	15,537	3,745	24	43,477	6,488	15
Raisins	22,930	5,492	24	25,276	6,019	24
Pineapples, canned	12,021	262	2	10,902	256	2
Pulses	46,139	3,160	7	64,421	6,050	9
Wheat bran	2,232	1,762	79	600	521	87
Alfalfa meal & pellets	18,757	15,634	83	28,963	23,578	81
Lard	21,648	152	1	45,543	104	--
Tobacco	485,296	37,928	8	488,444	61,340	13
Cattle hides . . .	105,329	39,485	37	123,671	49,730	40
Soybeans	762,771	191,230	25	1,215,797	305,263	25
Linseed	20,286	--	--	7,698	--	--
Cottonseed	1,373	7	1	3,234	--	--
Safflowerseed . . .	11,543	9,800	85	5,738	4,974	87
Rubber	10,003	255	3	8,902	364	4
Cotton & linters .	431,258	114,754	27	377,585	87,882	23
Tallow	145,248	32,488	22	176,082	32,240	18
Total	4,708,533	861,544	18	5,211,945	1,132,885	22
Total agricultural	6,330,962	909,889	14	7,173,656	1,214,143	17
Total, all exports	31,653,946	2,680,569	8	42,593,263	4,609,695	11

Source: (34).

Table 2.--Quantity of exports of selected U.S. agricultural products, total and to Japan, and their percentage of total exports, average 1965-69 and 1970

Commodity	Average 1965-69			1970		
	Total	To Japan		Total	To Japan	
		1,000 M.T.	1,000 M.T.		1,000 M.T.	1,000 M.T.
Beef & veal	9	1/	2	9	1/	5
Mutton & lamb	1	--	--	--	--	--
Poultry meat	73	5	7	60	5	8
Nonfat dry milk	216	17	8	189	1/	--
Wheat	17,173	2,061	12	17,438	2,759	16
Rice	1,716	109	6	1,743	1	--
Barley	807	133	16	1,159	--	--
Corn	14,512	2,536	17	14,402	4,194	29
Sorghum & millet	4,764	1,922	40	3,772	2,518	67
Lemons & limes	112	31	28	128	52	41
Almonds, shelled	10	2	25	27	4	15
Raisins	60	17	28	64	19	29
Pineapples, canned	35	1	2	34	1	2
Pulses	266	31	12	358	57	16
Wheat bran	42	33	80	11	9	86
Alfalfa meal & pellets . .	340	286	84	502	411	82
Lard	94	1	1	166	1	--
Tobacco	251	18	7	231	27	11
Cattle hides (1,000 pieces)	12	5	37	15	6	42
Soybeans	7,307	1,804	25	11,839	2,959	25
Linseed	172	--	--	74	--	--
Cottonseed	5	1/	2	22	--	--
Safflowerseed	105	91	87	59	53	89
Rubber	15	1/	2	12	1/	3
Cotton & linters	816	211	26	688	167	24
Tallow	884	197	22	920	174	19

1/ Less than 500 tons.

Source: (34).

Therefore, U.S. agriculture has a vital stake in this very important Far East market. Japanese policies and programs for foreign trade in farm products can significantly affect the U.S. balance of payments and the Nation's overall economy.

Japan has developed a long-term policy of assisting selected foreign countries to expand production of agricultural products and industrial raw materials--particularly products that Japan imports in large volume (9, 19, 20, 30). Such assistance is given principally in the form of technical aid, Government grants and loans, private business loans, and investments by Japanese companies (9). The Government and private companies work together toward agreed policy objectives. Objectives include: (1) assuring ample agricultural and industrial raw material supplies for Japan's needs; (2) diversifying sources and thus hedging against supplies being reduced or shut off; (3) increasing supplies available in international trade to lower and stabilize world prices; (4) providing foreign exchange income to selected countries so they will have the means for purchasing Japanese industrial products; (5) obtaining the good will of countries receiving aid and investments; and (6) carrying out Japan's international obligations to the United Nations.

Technical aid and relatively modest grants and loans accounted for most efforts until the late 1960's. Now, however, the programs are rapidly expanding and often entail large investments in long-term projects and permanent facilities. Official statements indicate that the annual rate of overseas expenditures will expand several fold during the 1970's. Initial Japanese efforts were concentrated in the less developed countries of Southeast Asia, especially Indonesia, Thailand, and Cambodia. Recent policy shifts call for expanded efforts in the less developed countries of Africa, Latin America, and West Asia, and in certain of the more developed countries, especially Australia. Commodities that have received the most emphasis are corn, grain sorghum, oilseeds, tropical fruits, and silk. Recently, increased emphasis has been placed on cotton, green tea, and meat.

Japan's programs overseas to expand agricultural exports have aroused concern among U.S. agricultural exporters. There is apprehension that, as a result of these developments, the United States might find it increasingly difficult to maintain its preeminent position in Japan's market for farm products and also might face increasing competition in other world markets. Therefore, this report presents an overall evaluation of Japan's overseas aid and investment programs and policies and analyzes their probable impact on world and U.S. farm exports.

THE JAPANESE ECONOMY

Japan is one of the world's leading industrial and trading countries. It ranks high among the nations of the world in its dependence on imports of food and industrial raw materials.

For the past 15 years, Japan has had the most rapidly growing developed economy in the world. Gross national product (GNP) in constant (1965) prices

increased from \$36.5 billion in 1955 to \$146 billion in 1969 and \$157 billion in 1970 (12, 16, 28). 3/ This represented a yearly growth rate of over 10 percent. Real GNP doubled between 1962 and 1970, and in 1970 was exceeded only by that of the United States and the Soviet Union.

At current prices, Japan's GNP totaled \$196 billion in 1970. Projections of the Economic Planning Agency (EPA) of the Japanese Government are that GNP will grow at a real rate of about 10 percent annually between 1970 and 1980 (11, 23, 25, 27). Although all economists studying the Japanese economy expect continued rapid growth, many expect that some slowing will occur. Among factors considered likely to cause a slowdown are a sharp decline in the growth of Japan's labor force, the growing demand for more leisure, and difficulties in maintaining the past rates of increase of labor productivity.

Historically, exports have approximated 10 percent of GNP--in 1970, while GNP was \$196 billion, exports totaled \$19.3 billion. EPA forecasts that this ratio will be maintained (12, 24). The gap between exports and imports is expected to widen further. Therefore, Japan will have the foreign exchange to rapidly expand its foreign aid and overseas investments. It is in Japan's interest to do so, because vastly increased overseas expenditures will be necessary if world trade is not to be upset by Japan's accumulating vast amounts of foreign exchange. Booming trade in 1971 trebled Japan's foreign exchange reserves to \$15 billion by November of that year.

FARM PRODUCTION

Although GNP continues to gain rapidly, farm production has declined. From a 1961-65 base of 100, the index of total agricultural production increased to 119 in 1968, dropped to 115 in 1969, 111 in 1970, and 105 in 1971 (table 3) (4). The crop production drop has been even more rapid, but it has been partially offset by increased output of livestock products, which more than doubled between 1962 and 1970.

Crop production will probably not show significant long-term gains. Yields for some crops, such as rice, are already among the highest in the world, but they have been achieved at the expense of very high production costs. Population density is quite high--105 million people on only 142,811 square miles (an area smaller than Montana). Only about 16 percent of the area of this rugged, mountainous country is cultivable, and good farmland is constantly being lost to other uses. Farm units are small and uneconomic, averaging 2.7 acres in size. Owing to a rapid movement from farmwork to industrial and other nonfarm employment, the full-time farm labor force has declined to 8 million, or 16 percent of the total working force. Women account for about two-thirds of full-time farmworkers.

3/ In this report, all currency is expressed in U.S. dollars. Japanese yen were converted at the rate of 360 to \$1.

Table 3.--Japan's agricultural production by commodity and indexes of agricultural production and population, average 1961-65 and annual 1966-71

Commodity	Average 1961-65	1966	1967	1968	1969	1970	Preliminary 1971
----- 1,000 metric tons -----							
Wheat	1,332	1,024	997	1,012	758	474	470
Rice, paddy	15,808	15,931	18,066	18,061	17,504	15,861	13,625
Millet and sorghum . .	52	28	22	20	14	11	11
Corn	97	63	61	51	40	33	29
Barley	1,379	1,105	1,032	1,020	812	573	512
Other grains	182	131	130	116	90	81	67
Pulses	289	206	291	247	219	265	265
Potatoes	3,781	3,383	3,638	4,056	3,575	3,500	3,500
Sweetpotatoes	6,008	4,810	4,031	3,594	2,855	2,564	2,600
Sugarcane	554	782	802	780	763	668	616
Sugarbeets	1,323	1,609	1,943	2,072	2,073	2,324	2,170
Tobacco	166	198	209	193	174	150	150
Soybeans	302	199	190	168	136	126	125
Peanuts, in shell . . .	139	139	136	122	126	124	125
Rapeseed	178	95	79	68	48	30	21
Vegetables	11,483	13,420	13,649	14,822	14,320	14,460	14,605
Citrus fruit	1,310	2,089	1,945	2,738	2,516	2,911	2,851
Apples	1,066	1,059	1,125	1,136	1,085	1,021	1,050
Pears	330	404	447	475	489	500	510
Persimmons	382	419	504	450	444	500	475
Other fruit	473	563	642	661	579	629	601
Tea	80	83	85	85	90	91	95
Beef and veal	185	155	158	175	236	272	287
Pork	303	565	603	590	588	648	720
Poultry meat	148	240	292	328	400	487	536
Other meat	23	14	15	16	13	11	8
Milk	2,711	3,409	3,566	4,016	4,509	4,760	5,000
Eggs	882	1,087	1,296	1,373	1,551	1,735	1,800
----- Index (1961-65 = 100) -----							
Indexes:							
Crop production . . .	100	104	112	116	110	104	96
Total agricultural production	100	106	115	119	115	111	105
Total food production	100	106	114	119	115	112	105
Population--1963 = 95.9 million . . .	100.0	103.0	104.1	105.3	106.6	107.9	109.2
Per capita agricultural production	100	103	110	113	108	103	96
Per capita food production	100	103	109	113	108	104	96

Source: (4).

Recent Government policy is designed to reduce the production of rice, as crop outturns exceeded normal consumption during 1967-70. The result has been burdensome surpluses; some surplus has been channeled into aid programs. Reduced rice plantings will, however, be partially offset by the switching of some paddy lands to fruits, vegetables, soybeans, and other crops. A system of incentive payments has been inaugurated to help bring about these changes. Livestock production is expected to continue to increase, as demand is sharply upward. Most of the prospective increase in food and feed requirements must be met by larger imports.

FOOD CONSUMPTION

Total food consumption in Japan is expected to continue the steady upward trend manifested in the postwar years. Population is increasing about 1 million per year; year after year there are more persons to feed. However, a larger increase comes from rising per capita consumption. Estimated daily per capita consumption has risen from 2,061 calories in 1954 to 2,471 calories in 1970 (table 4) (11, 15). But Japan's food consumption per person is still the lowest of any comparably developed country. Therefore, consumption is likely to continue steadily upward until a level of about 2,800 calories is reached around 1980 (24, 35). Increasing population plus rising per capita food consumption should result in an increase of roughly 25 percent in total food requirements between 1970 and 1980.

Japanese food consumption patterns are changing and improving (1, 24, 6). However, the nutritional quality of the Japanese diet is still not adequate. The traditional diet depends heavily on starchy foods, principally rice, supplemented by fish and vegetable proteins. The diet is deficient in animal proteins and fruits and vegetables.

Rapidly rising incomes, the increasing influence of the Western World on Japanese society, and official programs to upgrade the national diet all combine to bring about change in food consumption patterns. Meat consumption increased from 12 calories per person per day in 1954 to 78 calories in 1970 (11, 15). For the same period, egg consumption rose from 14 calories to 63 calories, fruits from 17 to 52, and vegetables from 50 to 93. On the other hand, rice consumption declined from a high of 1,099 calories per day in 1962 to 914 in 1970. Barley consumption declined steadily from 185 calories in 1954 to only 14 calories in 1970. The trend toward a more diversified and nutritionally more adequate diet is expected to continue during the 1970's, adding a further stimulant to import demand.

A U.S. Department of Agriculture study, under a series of assumptions, projects that Japan's 1980 net imports of coarse grains will range from 16.4 to 20.5 million tons, wheat from 6.5 to 7.3 million tons, and oilcake equivalent from 4.8 to 5 million (31). These projections compare with net imports in 1964-66 (the base period for the study) of 6 million tons of coarse grains, 3.6 million of wheat, and 1.8 million of oilcake equivalent. Although Japan imported an average of 0.8 million tons of rice in the base period, only relatively small imports of specialty types of rice are anticipated in the future.

Table 4.--Japan's per capita supplies of food, selected years, 1954-70

Product	1954	1958	1962	1969	1970
-----Calories per day-----					
Rice.	968.6	1,059.4	1,098.5	933.4	914.3
Wheat	258.9	228.0	243.9	303.7	298.5
Barley.	185.1	125.4	45.0	21.2	14.5
Other cereals . . .	8.3	9.0	8.4	8.3	10.4
Potatoes.	113.0	115.7	74.8	39.2	38.8
Starch.	32.1	44.3	72.5	78.6	75.7
Pulses.	66.6	97.6	95.8	106.5	103.4
Vegetables.	50.1	61.2	59.9	95.5	93.3
Fruits.	17.4	25.6	30.7	51.3	52.3
Meat.	11.9	18.5	31.6	67.1	78.0
Eggs.	14.1	16.2	28.1	58.8	63.1
Milk.	18.2	28.7	49.1	76.5	80.9
Sugar	127.4	148.0	180.5	253.8	281.6
Fish and shellfish.	62.2	90.7	84.4	88.3	92.2
Fats and oils . . .	66.6	83.6	131.4	220.1	228.7
Miso <u>1/</u>	45.3	40.0	35.1	31.5	32.1
Shoyu <u>2/</u>	15.5	15.1	12.5	12.7	13.4
Total	2,061.3	2,207.0	2,282.2	2,446.5	2,471.2

1/ A paste used in making soups or other foods.2/ Soy sauce.

Source: (11, 15).

FOREIGN TRADE

Because Japan's land resources are limited and the country is poor in most other natural resources, food and industrial raw materials make up a substantial part of total imports. Finished industrial products dominate export trade.

In 1970, continuing a steady rise, the value of Japan's imports totaled \$18.9 billion, more than treble the 1960-64 average (table 6) (16). The value of exports, rising even more rapidly than that for imports over the past decade, totaled \$19.3 billion. Over 22 percent of imports were agricultural items, but farm products made up only 2 percent of exports.

North America (Canada and the United States) is the largest regional trading partner of Japan, accounting for 34 percent of both exports and imports in 1970. The United States is by far the most important single country for both exports and imports. In 1970, Japan's exports to the United States totaled \$5.9 billion, or 31 percent of total exports. Imports from the United States were valued at \$5.6 billion, or 29 percent of the total. In the post-World War II era--until 1965--the balance of trade between the two countries was in favor of the United States. Since then, except in 1967, there has been a trade gap in favor of Japan.

Asia is second after North America as a regional trading partner, accounting for \$6 billion in exports (31 percent) and \$5.6 billion in imports (29 percent) in 1970. Owing to large purchases of oil, Japan has a huge trading deficit with West Asia. Imports from South Asia are also larger than exports. On the other hand, there are large and growing favorable trade balances with East Asia and Southeast Asia. This situation is creating problems with countries of these areas; they are strongly urging Japan to import more of their products.

Europe ranks next in value of trade, accounting for 17 percent of exports and 14 percent of imports in 1970. A favorable balance is also maintained in trade with Africa, and several countries on that continent are urging Japan to buy more from them. Africa was the destination of \$1.4 billion or 7 percent of exports and supplied \$1.1 billion of imports in 1970.

Over the years, Japan has built up a large trade imbalance with Oceania--chiefly because of Australia's importance as a source of agricultural raw materials, foodstuffs, and minerals. Latin America, another important source of raw materials for Japan, also consistently maintains a favorable balance of trade with that nation.

Japan's imports of agricultural products totaled \$4.2 billion in 1970 (table 5) (25). Imports in significant volume came from all regions of the world. The principal source, the United States, accounted for over \$1.3 billion, or 32 percent. The United States was the source of 50 to 100 percent of total imports of wheat, corn, sorghum and millet, lemons, almonds, raisins, alfalfa meal and pellets, lard, tobacco, cattle hides, soybeans, safflowerseed, and tallow. Other important imports from the United States include pork, poultry meat, pulses, oilcakes, and cotton and linters.

Table 5.--Value of Japanese imports of selected agricultural

Commodity 1/	Average 1960-64			1965			1966		
	United States			United States			United States		
	Total	Amount	Percent	Total	Amount	Percent	Total	Amount	Percent
	Million dollars	Million dollars	Percent	Million dollars	Million dollars	Percent	Million dollars	Million dollars	Percent
Beef and veal	3.0	--	--	6.9	--	--	10.6	--	--
Mutton & lamb	11.3	--	--	22.0	--	--	39.0	--	--
Pork	2.4	1.8	75.0	0.1	--	--	--	--	--
Poultry meat	1.4	1.3	92.8	4.6	3.6	78	6.0	4.5	75
Nonfat dry milk	12.7	11.9	93.7	13.6	11.6	85	20.8	7.6	37
Wheat	203.2	79.0	38.7	251.1	132.0	53	278.7	150.0	54
Rice	29.4	3.0	10.2	144.7	43.5	30	131.3	25.1	19
Barley	7.8	4.7	60.2	41.0	17.2	42	30.7	18.4	60
Corn	137.8	53.4	38.8	231.5	156.6	68	243.3	153.1	63
Sorghum & millet	26.9	23.9	88.8	88.0	75.5	86	133.1	117.7	88
Lemons & limes	2.1	2.1	100.0	6.8	6.8	100	8.7	8.7	100
Bananas	24.6	--	--	60.6	--	--	65.1	--	--
Almonds	1.2	1.2	100.0	2.8	2.5	89	4.2	3.6	86
Pineapple, fresh	--	--	--	2.2	0.8	36	3.5	0.4	11
Raisins	5.2	4.2	80.8	5.9	5.4	92	6.7	5.5	82
Pineapples, canned	8.9	0.2	2.2	14.5	0.2	1	17.3	0.4	2
Pulses	13.3	0.9	6.8	28.9	3.6	12	25.2	2.4	10
Sugar	155.3	--	--	149.8	--	--	123.5	--	--
Coffee beans	11.1	--	--	13.9	--	--	29.1	--	--
Wheat bran	17.7	1.9	10.7	26.1	3.2	12	26.1	6.3	24
Oilseed cake	4.8	2.8	58.0	12.6	6.8	54	12.8	4.2	33
Alfalfa meal & pellets	1.8	1.8	100.0	13.3	13.2	99	18.2	18.1	99
Lard	6.7	4.0	59.7	10.6	8.2	77	10.9	8.0	73
Tobacco	28.9	20.9	72.3	44.6	26.2	59	61.5	46.3	75
Cattle hides	37.2	28.5	76.6	39.7	31.1	78	69.7	49.6	71
Copra	15.6	--	--	19.0	0.4	2	19.4	--	--
Soybeans	144.3	127.8	88.6	225.8	179.7	80	272.0	222.3	82
Linseed	12.9	0.2	1.6	13.6	0.1	1	14.4	--	--
Cottonseed	10.9	--	--	17.1	0.1	1	23.6	--	--
Rapeseed	6.3	--	--	13.1	0.4	3	25.0	--	--
Sunflowerseed	1.8	--	--	0.4	--	--	0.3	--	--
Safflowerseed	14.6	14.5	99.3	14.1	14.0	99	19.2	14.1	73
Rubber	114.5	0.2	0.2	101.3	0.1	--	109.7	0.2	--
Wool, greasy	317.6	--	--	331.3	--	--	402.9	--	--
Cotton & linters	439.7	178.0	40.5	437.4	135.9	31	420.3	114.0	27
Jute	15.4	--	--	20.4	--	--	18.6	--	--
Tallow	26.8	22.9	85.4	41.7	37.2	89	45.7	40.3	88
Total, selected items	1,875.1	591.1	3.2	2,471.0	916.0	37	2,747.1	1,020.8	37
Total imports of food, beverages, agricultural raw materials	2,165.4	639.3	3.0	2,835.1	973.5	34	3,227.0	1,081.0	33

1/ In Standard International Trade Classification (SITC) order.

Source: (25).

1967			1968			1969			1970		
Total	United States	United States									
	Amount	Percent									
Million dollars	Million dollars	Percent									
13.6	--	--	13.1	0.2	2	15.8	0.4	3	22.3	1.4	6
40.6	--	--	41.1	--	--	47.0	--	--	49.9	--	--
--	--	--	11.5	9.6	83	51.7	35.0	68	20.9	8.9	43
5.9	3.8	64	11.0	5.4	49	15.0	5.9	39	8.0	3.9	49
32.2	0.1	--	17.8	1.6	9	11.6	0.8	7	12.1	0.4	3
307.6	159.0	52	289.3	144.0	50	297.0	133.0	45	318.4	174.0	55
82.2	15.8	19	44.8	0.4	1	9.2	0.5	5	2.4	0.3	12
39.9	9.4	24	38.3	0.8	2	34.4	0.5	1	41.6	--	--
271.0	110.2	41	307.7	153.5	50	331.9	207.1	62	406.9	292.7	72
163.1	140.0	86	137.7	110.9	81	161.4	108.5	67	235.1	134.5	57
11.6	11.6	100	15.2	15.2	100	19.1	19.0	99	24.1	24.1	100
75.0	--	--	101.1	--	--	116.5	--	--	144.1	--	--
5.7	5.3	93	6.4	6.1	95	5.2	5.0	96	6.5	6.5	100
3.3	0.2	6	3.3	0.2	6	3.6	0.1	3	5.5	0.1	2
6.7	5.6	84	6.5	6.0	92	7.2	6.5	90	7.3	6.8	93
16.5	0.2	1	18.4	--	--	23.4	0.1	--	18.4	0.2	1
30.3	3.3	12	20.8	2.2	11	30.1	5.4	18	31.7	6.2	20
123.0	--	--	145.2	--	--	196.9	--	--	282.7	--	--
26.3	0.1	--	27.6	0.1	--	35.3	0.1	--	55.9	--	--
15.4	1.1	7	15.0	2.7	18	13.8	1.8	13	17.2	1.1	6
7.3	1.1	15	12.7	5.2	41	16.8	5.3	32	32.1	10.8	34
19.6	19.3	98	18.8	18.7	99	23.7	22.4	95	30.7	28.6	93
8.3	7.2	87	8.9	7.8	88	9.8	6.6	67	6.4	4.9	77
56.9	39.7	70	50.7	34.0	67	66.4	48.6	73	65.5	45.2	69
50.1	40.6	81	51.5	43.5	84	73.1	57.5	79	76.0	61.4	81
20.2	--	--	27.2	--	--	20.3	--	--	26.8	--	--
272.0	223.6	82	274.1	227.7	83	281.0	238.7	85	365.8	329.6	90
13.2	--	--	13.9	--	--	16.9	--	--	17.3	--	--
19.7	--	--	21.3	--	--	19.4	--	--	24.2	--	--
26.4	--	--	25.6	--	--	28.1	--	--	41.4	0.1	--
13.3	--	--	9.8	--	--	12.0	--	--	6.4	0.3	5
15.9	14.0	88	7.2	7.1	99	4.2	4.0	95	4.8	4.6	96
102.3	0.4	--	95.4	0.3	--	141.7	0.1	--	129.4	0.2	--
353.5	--	--	348.2	--	--	369.8	--	--	322.8	--	--
440.8	137.4	--	508.8	127.3	25	422.5	62.3	15	468.6	79.3	17
20.7	--	--	17.4	--	--	19.6	--	--	19.0	--	--
35.2	30.8	88	34.7	29.9	86	43.9	31.9	73	53.4	39.3	74
2,745.3	979.8	36	2,798.0	960.4	34	2,995.3	1,007.1	34	3,401.6	1,265.4	37
3,278.1	1,025.1	31	3,386.9	1,013.3	30	3,661.4	1,068.1	29	4,203.5	1,330.8	32

Table 6.—Japan's foreign trade, by region, average 1960-64, annual 1965-70

		Asia		North America							
	Total	East Asia	S.E. Asia	South Asia	West Asia	1/ United States	Africa	Europe	Latin America	Oceania	Other
						Total	United States	Africa	America	Oceania	World total
<u>Exports:</u>											
Avg. 1960-64.	1,837.5	691.3	760.4	171.8	211.1	1,514.1	1,383.4	401.7	735.9	367.0	209.0
1965.	2,745.0	1,102.1	1,000.7	337.1	305.0	2,693.7	2,479.2	798.9	1,318.1	487.8	404.4
1966.	3,313.1	1,505.4	1,134.3	305.6	367.8	3,225.4	2,969.5	710.5	1,568.8	556.4	399.2
1967.	3,585.0	1,639.4	1,342.2	248.5	354.9	3,286.2	3,012.0	839.0	1,656.0	612.1	471.9
1968.	4,418.3	2,133.5	1,511.5	293.1	480.3	4,432.8	4,086.5	924.5	1,908.9	741.9	541.6
1969.	5,424.7	2,691.4	1,894.3	253.1	586.0	5,439.0	4,957.8	1,126.2	2,418.8	943.9	630.6
1970.	6,032.9	3,180.5	2,025.2	293.8	533.4	6,503.6	5,939.8	1,423.3	3,363.4	1,187.0	802.0
<u>Imports:</u>											
Avg. 1960-64.	1,888.8	349.3	734.5	148.6	656.4	2,258.8	1,974.3	223.6	704.7	504.9	541.0
1965.	2,712.6	540.4	870.0	220.5	1,081.8	2,723.0	2,366.1	345.5	1,028.5	707.3	652.0
1966.	3,151.0	651.2	1,020.0	247.6	1,232.3	3,109.0	2,657.6	409.9	1,239.9	781.0	831.8
1967.	3,586.4	628.4	1,126.5	309.4	1,498.1	3,845.9	3,212.1	646.5	1,776.4	855.4	951.3
1968.	4,006.7	618.5	1,227.7	362.3	1,798.2	4,187.7	3,527.4	823.6	1,891.5	960.8	1,115.3
1969.	4,562.3	710.7	1,533.3	371.5	1,946.8	4,759.6	4,089.9	966.3	2,087.4	1,162.4	1,485.3
1970.	5,553.5	961.3	1,895.0	452.1	2,245.1	6,488.5	5,559.6	1,098.7	2,544.7	1,373.2	1,812.2

1/ Includes Canada, United States, and British and French territories.

Source: (16), annual volumes 1963-70; and Japan Exports and Imports, 1970, Japan Tariff Association, Tokyo.

Other leading suppliers to Japan of the kinds of agricultural items shipped by the United States include Australia, Canada, China, Thailand, Argentina, Brazil, Mexico, France, and South Africa (table 8) (25). Japan also imports substantial quantities of agricultural products that are not normally exported by the United States, such as sugar, natural rubber, bananas, coffee, jute, and wool.

Japan's exports of food, beverages, and agricultural raw materials reached a record total of \$400 million in 1970, but, as mentioned earlier, they accounted for only 2 percent of total exports. Some 10 items accounted for \$253 million of the total (table 7) (25). The 1970 total is approximately double the level for most years in the 1960's, largely because of concessional export shipments of \$164 million worth of surplus rice. Mandarin oranges (fresh and canned), valued at \$38 million in 1970, are normally predominant in agricultural exports. Other Japanese farm items of some significance in export trade include powdered milk and mushrooms (dried and canned). Exports of such traditional Japanese farm products as raw silk and tea are now negligible. In fact, these two items are of growing significance in the import trade.

POLICY

New policies are evolving with the changing economic situation of Japan and the world. Japan's policies on meeting its rapidly rising requirements for food and industrial raw materials significantly affect the outlook for overseas aid and investments as well as domestic farm production and foreign trade.

As mentioned earlier, the main goals of Japan's policies with respect to domestic production are to: (1) reduce rice area and production to equalize production and domestic consumption requirements, (2) convert the land removed from rice to the production of soybeans, fruits, vegetables, and other food commodities, and (3) produce domestically most of the country's requirements of livestock and poultry products (5, 6, 7, 18, 19, 20). Official 1977 targets of demand, domestic production, and import requirements for most major food commodities indicate that total production of food and feed is expected to show only moderate overall gains (table 9) (18). Except for rice and poultry and livestock products, it seems unlikely that the targets for production will actually be achieved.

The need for preventing large or sustained deficits in the international balance of payments long dictated basic policy decisions on international economic matters. Because a large favorable trade balance has been achieved for each of the past several years and it appears that it will continue indefinitely, many policy changes on international economic matters have occurred and more changes can be expected.

The White Paper on International Trade for 1971 and an October 1971 White Paper on Outlook for Resource Problems, both issued by the Ministry of International Trade and Industry, bring forth clearly many of the pertinent

Table 7.--Value of Japanese exports of selected agricultural

Commodity	Average 1960-64			1965			1966		
	United States			United States			United States		
	Total	Amount	Percent	Total	Amount	Percent	Total	Amount	Percent
	1,000 dollars	1,000 dollars	Percent	1,000 dollars	1,000 dollars	Percent	1,000 dollars	1,000 dollars	Percent
Powdered milk.	1,975	--	--	2,738	--	--	3,339	--	--
Rice	35	1	2.9	45	--	--	5	--	--
Mandarin oranges	3,662	25	0.7	4,451	48	1.1	4,789	49	0.1
Mandarin oranges (canned).	23,367	8,599	36.8	29,165	11,625	39.8	29,244	12,712	43.5
Mushrooms, dried	5,076	702	13.8	7,069	1,429	20.2	5,371	886	16.5
Mushrooms, canned. . . .	1,326	772	58.2	574	161	28.0	1,085	156	14.4
Tea.	3,953	770	19.5	2,899	787	27.1	1,228	867	70.6
Animal feed.	5,543	1,932	34.9	7,027	2,041	29.0	10,016	3,701	37.0
Leaf tobacco	6,435	18	0.3	8,619	--	--	10,814	30	0.3
Raw silk	37,110	13,707	36.9	10,594	6,979	65.8	7,035	6,529	92.8
Total, selected items.	88,482	26,526	30.0	73,181	23,070	31.5	72,926	24,930	34.2
Total food, beverages, and agricultural raw materials	204,900			195,300			187,000		

1967			1968			1969			1970		
United States											
Total	Amount	Percent									
1,000 dollars	1,000 dollars	Percent									
4,172	--	--	5,830	--	--	7,562	--	--	8,659	--	--
89	--	--	163	--	--	141,025	--	--	163,683	--	--
5,146	16	0.3	5,994	221	3.7	5,920	199	3.4	6,750	130	1.9
30,490	12,165	39.9	27,061	11,575	42.8	28,180	12,159	43.1	31,077	12,706	40.9
8,297	1,452	17.5	11,023	1,443	13.1	10,045	1,325	13.2	12,684	2,022	1.6
1,205	302	25.1	1,396	944	67.6	1,237	850	68.7	834	538	64.5
1,266	990	78.2	1,364	1,019	74.7	1,354	974	71.9	1,230	891	72.4
12,732	4,953	38.9	10,853	3,892	35.9	11,708	2,331	19.9	19,811	5,501	27.8
7,165	--	--	8,033	6	0.1	7,846	--	--	6,650	10	0.2
3,061	612	20.0	8,314	3,693	44.4	2,754	1,754	63.7	1,288	721	56.0
73,623	20,490	27.8	80,031	22,793	28.5	217,631	19,592	9.0	252,666	22,519	8.9
:											
:189,400											
217,500											
353,700											
400,200											

Source: (25).

Table 8.--Quantity of Japanese imports of selected agricultural products, by source, average 1960-64, annual 1965-70

Commodity and source 1/	1960-64 average	1965	1966	1967	1968	1969	1970
-1,000 metric tons-							
Beef & veal	5	11	13	14	14	19	23
U.S.	--	--	--	--	--	--	--
Australia.	3	8	9	10	10	15	20
New Zealand.	2	3	3	2	2	3	3
Other.	--	--	1	2	2	1	--
Mutton & lamb	35	54	92	97	109	129	111
U.S.	--	--	--	--	--	--	--
Australia.	7	18	58	28	32	31	44
New Zealand.	28	36	34	70	77	98	67
Other.	--	--	--	--	--	--	--
Pork	3	--	--	--	10	43	17
U.S.	2	--	--	--	9	29	8
Australia.	--	--	--	--	--	4	1
Canada	1	--	--	--	--	2	3
Ryukyu Is.	--	--	--	--	1	--	5
Taiwan	--	--	--	--	1	6	5
Other.	--	--	--	--	--	2	--
Poultry meat	2	6	8	8	16	20	11
U.S.	2	5	5	5	6	6	5
China	--	--	1	1	2	2	2
Denmark.	--	1	1	2	4	5	1
Other.	--	--	1	--	4	7	3
Nonfat dry milk	53	64	69	98	65	67	61
U.S.	50	58	28	--	8	4	2
Australia.	1	--	2	22	9	6	6
Canada	1	--	10	6	--	4	3
France	--	--	1	9	15	14	8
New Zealand.	1	4	17	48	28	32	26
Other.	--	2	11	13	5	7	16
Wheat	2,928	3,645	3,917	4,130	4,073	4,328	4,685
U.S.	1,158	1,971	2,158	2,186	2,072	1,986	2,586
Australia.	395	422	372	507	748	1,245	903
Canada	1,339	1,249	1,387	1,436	1,241	1,015	1,195
Other.	36	3	--	1	12	82	1
Rice	223	967	812	509	271	56	19
U.S.	21	290	156	99	2	2	1
China.	--	168	312	203	105	--	--
Taiwan	68	274	158	57	60	--	--
Thailand	74	145	85	128	88	54	17
Other.	60	90	101	22	16	--	1
Barley	128	635	447	603	634	677	768
U.S.	77	269	264	139	9	6	--
Australia.	23	161	46	171	75	178	112
Canada	23	205	137	293	231	53	551
France	2	--	--	--	319	439	104
Other.	3	--	--	--	--	1	1
Corn	2,275	3,434	3,598	3,960	5,144	5,489	6,018
U.S.	867	2,302	2,234	1,584	2,542	3,439	4,394
Argentina.	170	9	17	59	--	178	447
Brazil	7	7	34	58	--	13	143
Cambodia	29	26	29	20	15	18	6
Indonesia.	--	4	65	112	10	41	53
Kenya	6	--	1	14	27	15	--
Mexico	3	189	240	370	334	486	3
Mozambique	6	--	30	145	184	149	21
South Africa	595	30	--	707	1,342	667	375
Thailand	432	576	767	699	633	464	536
Other.	160	291	181	192	57	19	40
Sorghum and millet	477	1,499	2,262	2,603	2,326	2,892	3,833
U.S.	425	1,285	2,005	2,243	1,887	1,937	2,189
Argentina.	49	193	181	136	91	874	1,310
Australia.	2	1	15	22	68	2	266
Mexico	--	--	--	122	2	51	--
South Africa	--	--	--	44	249	--	25
Thailand	--	20	58	37	19	14	26
Other.	1	--	3	--	10	14	17
Lemons & limes	6	19	23	30	36	41	56
U.S.	6	19	23	30	36	41	54
Other.	--	--	--	--	--	--	--
Bananas	161	358	416	481	638	739	844
U.S.	--	--	--	--	--	--	--
Taiwan	79	315	337	395	355	380	214
Ecuador.	80	34	71	79	246	266	469
Other.	2	9	8	7	37	93	161
Almonds	1	2	3	3	4	3	4
U.S.	1	2	3	3	4	3	4
Other.	--	--	1	--	--	--	--

Continued--

Table 8.--Quantity of Japanese imports of selected agricultural products, by source, average 1960-64, annual 1965-70--Continued

Commodity and source 1/	1960-64 average	1965	1966	1967	1968	1969	1970
-1,000 metric tons-							
Pineapples, fresh	2	11	21	21	21	24	36
U.S.	1	3	2	1	1	--	--
Ryukyu Is.	1	3	2	1	1	1	--
Taiwan	--	5	17	18	19	20	33
Other.	--	--	--	1	--	3	3
Raisins	15	16	19	21	18	20	20
U.S.	11	14	15	17	16	17	18
Australia.	1	1	1	1	1	1	--
China.	--	--	--	2	1	1	1
Other.	3	1	3	1	--	1	1
Pineapples, canned	25	41	49	46	51	64	49
U.S.	1	1	2	1	--	--	1
Philippines.	1	2	2	3	4	4	4
Ryukyus.	16	31	37	33	36	46	31
Taiwan	7	7	8	8	9	10	11
Other.	--	--	--	1	2	4	2
Pulses	114	206	179	221	152	220	190
U.S.	10	37	24	30	21	42	48
Burma.	61	96	34	70	39	37	33
China.	28	45	58	50	41	40	36
Ethiopia	3	5	3	8	3	12	6
Madagascar.	--	2	6	2	2	1	3
Malawi.	--	--	--	6	1	--	--
Mexico	--	--	12	15	19	34	1
Mozambique.	1	1	--	4	--	1	--
Netherlands.	3	5	4	5	2	1	3
Thailand	1	9	19	20	17	24	33
Other.	7	6	19	11	7	28	27
Sugar	1,390	1,693	1,725	1,809	2,045	2,225	2,596
Australia.	448	374	582	597	501	578	510
Cuba	311	380	361	506	565	829	1,092
Ryukyus.	63	267	207	198	224	221	214
So. Africa	96	238	167	340	487	347	373
Taiwan	461	364	359	79	167	119	109
Other.	11	70	49	89	101	131	298
Coffee beans	16	19	46	41	45	59	81
Brazil	5	5	8	13	17	25	32
Colombia	3	2	5	5	5	7	8
Ethiopia	2	1	2	2	2	3	2
Indonesia.	1	--	1	1	1	2	1
Ivory Coast.	1	2	18	8	12	11	12
Uganda	2	4	5	--	1	2	11
Other.	2	5	7	12	7	9	15
Wheat bran	294	387	369	233	237	231	279
U.S.	30	48	89	17	42	30	18
Australia.	7	--	--	6	--	14	8
Argentina.	161	229	104	53	16	24	13
Canada	12	36	62	27	29	26	85
Kenya.	5	3	7	4	8	6	8
Philippines.	30	47	54	85	69	52	63
So. Africa	19	14	27	23	43	35	31
Other.	30	10	26	18	30	44	53
Alfalfa meal & pellets	31	234	313	319	318	402	482
U.S.	30	232	311	315	316	380	451
Australia.	--	--	--	1	1	6	11
Canada	--	2	2	3	--	--	16
Other.	1	--	--	--	1	16	4
Lard	30	46	48	47	59	58	28
U.S.	21	38	36	42	53	38	22
China.	--	--	3	--	--	--	--
Netherlands.	8	4	3	3	4	8	3
New Zealand.	--	--	--	--	--	--	--
Other.	1	4	6	2	2	12	3
Tobacco	16	25	32	30	27	33	33
U.S.	10	12	22	18	16	21	20
Greece	1	3	2	4	2	3	3
India.	1	1	1	3	3	3	3
Turkey	1	1	2	2	3	3	2
Other.	3	8	5	3	3	3	5
Cattle hides	116	132	149	145	173	203	211
U.S.	91	105	111	118	147	161	174
Australia.	17	20	21	18	17	26	22
Canada	3	3	8	5	5	9	9
New Zealand.	2	1	3	3	4	4	5
Other.	3	3	6	1	--	3	1

Continued--

Table 8.--Quantity of Japanese imports of selected agricultural products, by source, average 1960-64, annual 1965-70--Continued

Commodity and source ^{1/}	1960-64 average	1965	1966	1967	1968	1969	1970
-1,000 metric tons-							
Copra	90	94	108	112	126	109	127
U.S.	1	2	—	—	—	—	—
Indonesia	9	23	34	10	48	29	40
Philippines	18	41	48	74	54	40	38
Other	62	28	26	28	24	40	49
Soybeans	1,346	1,847	2,168	2,170	2,421	2,591	3,244
U.S.	1,191	1,465	1,772	1,771	2,001	2,214	2,952
Brazil	3	—	1	3	—	—	—
China	144	376	393	392	417	377	291
Other	8	6	2	4	3	—	1
Linseed	91	103	117	107	100	127	142
U.S.	2	—	—	—	—	—	—
Canada	89	102	116	107	99	123	139
Other	—	1	1	—	1	4	3
Rapeseed	54	101	211	215	250	276	336
U.S.	1	3	—	—	—	—	1
Canada	53	92	183	196	241	248	322
China	—	6	28	19	9	2	—
Other	—	—	—	—	—	26	13
Cottonseed	139	217	266	216	246	244	297
U.S.	—	1	—	—	—	—	—
Australia	—	—	7	9	4	6	6
Dahomey	—	1	—	3	5	9	10
Ethiopia	—	1	7	5	7	5	11
Ivory Coast	—	—	—	8	17	20	20
Mali	—	1	2	6	14	14	17
Mozambique	—	—	—	5	1	33	32
Nicaragua	67	130	112	67	37	5	80
Nigeria	26	29	65	50	47	21	80
Thailand	10	10	17	28	39	59	23
Other	36	44	56	35	75	72	18
Sunflowerseed	16	4	3	96	71	90	45
U.S.	—	—	—	—	—	—	2
China	1	4	3	6	1	3	1
USSR	—	—	—	78	70	56	18
Other	15	—	—	12	—	31	24
Rubber	203	222	242	258	273	297	308
Indonesia	11	84	98	80	53	44	36
Malaysia ^{2/}	124	52	63	80	116	127	121
Thailand	55	58	60	73	77	98	136
Other	13	28	21	25	27	28	15
Safflowerseed	125	113	147	127	63	35	38
U.S.	124	113	109	113	63	33	36
Other	1	—	38	14	—	2	2
Wool	219	242	278	264	282	300	301
Australia	183	204	214	217	233	248	253
Argentina	—	11	13	11	10	10	10
So. Africa	10	15	19	18	19	20	19
Uruguay	1	—	1	2	1	1	1
New Zealand	13	14	29	14	15	18	15
Other	1	2	2	2	4	3	3
Cotton and linters	734	735	749	801	849	736	826
U.S.	312	250	228	275	252	130	156
Brazil	26	25	26	22	36	82	100
Egypt	17	24	16	20	23	26	24
India	48	35	25	37	32	29	33
Mexico	175	156	198	131	139	180	127
Nicaragua	25	73	64	78	66	57	48
Pakistan	33	21	26	23	38	14	16
El Salvador	41	53	35	24	23	29	42
Other	57	88	131	191	240	189	280
Jute	70	94	84	113	116	107	104
Thailand	27	65	55	86	81	79	82
Pakistan	43	27	27	23	29	22	28
Other	—	2	2	4	6	6	4
Tallow	163	191	224	219	247	267	257
U.S.	138	171	197	191	211	193	189
Australia	12	4	10	8	10	39	36
Canada	7	12	8	15	14	13	20
New Zealand	5	4	8	5	11	15	12
Other	1	—	1	—	1	7	—

^{1/} In Standard International Trade Classification (SITC) order.^{2/} Includes Sarawak and Sabah.

Source: (25).

Table 9.--Japan's 1977 targets for demand, domestic production, and import requirements for selected agricultural commodities

Commodity	Demand		Domestic Production		Quantity		Imports		Percentage	
	Low		High		:		:			
	:		:		Low	High	Low	High		
- - - - - 1,000 metric tons - - - - -										
Rice.	11,063	11,063	11,063	11,063	0	0	0	0	0	
Wheat.	5,790	5,790	5,848	703	5,087	5,145	88	88	88	
Barley.	1,995	1,995	2,058	768	1,227	1,290	61	61	63	
Sweet potatoes.	2,605	2,605	2,673	2,169	436	504	17	17	19	
White potatoes.	3,625	3,625	3,653	3,635	0	18	0	0	1	
Soybeans.	4,149	4,149	4,149	504	3,645	3,645	88	88	88	
Pulses.	466	466	466	304	162	162	35	35	35	
Peanuts.	284	284	295	187	97	108	34	34	36	
Vegetables.	18,824	18,824	19,267	19,141	126	317	0	0	1	
Fruit.	9,137	9,137	9,954	8,411	726	1,543	8	8	15	
Milk 1/	8,442	8,442	9,281	8,145	297	1,136	4	4	12	
Meat.	2,439	2,439	2,771	2,300	139	471	6	6	17	
Eggs.	1,887	1,887	1,987	1,907	0	80	0	0	4	
Silk.	31	33	32	0	1	0	3	0	3	

1/ Whole milk equivalent.

Source: (18).

policies that are evolving (19, 20). The White Paper on International Trade advocates rapid internationalization of the Japanese economy. It emphasizes international cooperation and division of labor through increased foreign aid and investments, a reduction in trade barriers, and increased imports.

A liberal trade policy designed to achieve a steady upward trend in exports is considered essential to a healthy national economy. To achieve this objective with a minimum of international friction, an active program of import liberalization and promotion is advocated. However, the actual instituting of liberalization measures has been relatively slow. Preference is to be given to imports from less developed countries (LDC's). In 1971, the Japanese Ministry of Agriculture and Forestry announced plans for the establishment of a mission to survey the feed grain situation in several of the LDC's, including Mainland China.

Japan considers rapidly expanding overseas investments to be essential (12, 18, 19). In addition to the major objectives of such investments discussed earlier (p. 4), the country wants to take advantage of the less expensive labor available in many of the LDC's. Another objective is to establish manufacturing facilities where markets exist so as to avoid tariffs, quotas, or other import restrictions. Also, Japan wants to manufacture products in LDC's to take advantage of the import concessions granted to those countries by developed nations. Finally, joint ventures with foreign investors are encouraged to minimize nationalization problems and other frictions frequently encountered by foreign owners, especially in the LDC's.

In accordance with the United Nations Second Development Decade goal for developed countries, Japan has pledged to extend overseas assistance of at least 1 percent of GNP by 1975 or earlier (9, 12, 22, 24).

In September 1970, Japan agreed in principle with other countries in the Organization for Economic Cooperation and Development, Development Assistance Committee (OECD/DAC), on granting development loans and has indicated its intention to implement this decision in 1972, following passage of the necessary legislation. Japan plans to sharply increase its aid to Africa, Latin America, and West Asia, so that a declining proportion (but still growing volume) will be directed to East, South, and Southeast Asian countries. Nations providing favorable climates for Japanese investments will receive preferential consideration for Japanese foreign aid.

FOREIGN AID

Japan's foreign aid or economic cooperation policy is closely tied to its commercial policies of maximizing exports of industrial products and diversifying import sources of food and industrial raw materials (19, 20). Aid has gone into such projects as fertilizer plants, textile mills, electric power plants, steel mills, shipyards, fishing fleets, and corn growing. A substantial part of expenditures has gone for the purchase of Japanese industrial products. A definite effort is made to relate financial and technical aid to the production of raw materials needed by Japan. Although

most aid projects are in fields other than agriculture, several projects are designed to promote production overseas of agricultural products for export. Food assistance has become an important, if temporary, element in foreign assistance as a result of Japan's surplus rice production in recent years.

Japan's foreign aid program can be said to have started with reparation payments to Asian countries following World War II (30). The technical cooperation aspects of the program date from 1954, when Japan joined the Colombo Plan for Cooperative Development in South and Southeast Asia. A salient feature of Japan's aid activities is the close cooperation between the Government and private enterprises.

The Ministry of Foreign Affairs, the Ministry of Finance, the Ministry of International Trade and Industry (MITI), and the Economic Planning Agency (EPA) are involved in aid matters. Policy decisions are made after consultations among these four (9).

In addition to these decisionmaking bodies, there are three principal implementing agencies: the Export-Import Bank, the Overseas Economic Cooperation Fund (OECF), and the Overseas Technical Cooperation Agency (OTCA). These agencies have a few administrative representatives stationed in major recipient countries, but foreign requests for aid are normally channeled through Japanese embassies.

The Export-Import Bank of Japan, entirely Government owned, is supervised by the Ministry of Finance. It finances overseas investment and refinances debts. The bank has representatives in Manila, Bangkok, New Delhi, Karachi, Paris, Washington, Rio de Janeiro, and Buenos Aires.

OECF extends soft loans (those bearing low interest and other concessions) to LDC's for economic development projects. Also, some loans are made to Japanese firms that invest in the development of raw material resources. OECF is supervised by EPA. Representatives abroad are in Bangkok, Seoul, and Djakarta.

OTCA, supervised by the Ministry of Foreign Affairs, carries out most of the Government's technical cooperation activities. OTCA has representatives in Bangkok, New Delhi, Phnom Penh, Manila, Djakarta, Dacca, Singapore, and Kuala Lumpur.

Financial Assistance

Japan offers financial assistance in several forms--bilateral official loans and grants, contributions to multilateral organizations, private export credits, and private investments. Overseas financing officially classified as foreign aid--Government and private--totaled \$1.8 billion in JFY (Japanese fiscal year) 1970 (April 1970-March 1971). This represented a 44-percent increase over the previous year and was nearly three times the 1966 level (table 10) (9, 28). It represented 0.93 percent of GNP, compared with 0.76 percent in 1969. However, Government grants actually recorded a slight decline. Mainly responsible for the 1970 gain were large increases in

Table 10.--Japanese foreign aid, 1966-70 1/

Item	1966	1967	1968	1969	1970
<u>Million dollars</u>					
Government:					
Grants.	104.7	138.4	117.0	123.4	121.4
Loans	130.0	207.5	190.5	216.2	250.3
Multilateral contributions . . .	50.2	44.6	48.8	113.9	305.0
Total	284.9	390.5	356.3	453.5	676.7
Private:					
Export credits. .	243.1	322.4	570.5	609.5	736.4
Investments . . .	97.1	84.6	122.6	199.9	408.1
Total	340.2	407.0	693.1	809.4	1,144.5
Grand Total .	625.1	797.5	1,049.3	1,262.9	1,821.2
Percentage of GNP.					
	0.62	0.67	0.74	0.76	0.93

1/ Japan's fiscal year begins April 1.

Sources: (9, 28).

Government multilateral contributions, private export credits, and private investments. All Government-approved private investments in LDC's are included in foreign aid.

Three-fourths of 1970 aid went to Asian countries. Recipients of the largest Japanese bilateral flows were Korea (\$219 million), Indonesia (\$109 million), the Philippines (\$93 million), Taiwan (\$92 million), and Thailand (\$69 million).

Technical Assistance

Since 1962, when OTCA was created, most official technical assistance aspects of foreign aid programs have been handled by this agency. However, certain specialized activities are carried on by MITI, the Ministry of Education, and other agencies.

The main functions of OTCA are: Receiving foreign technicians, assigning Japanese experts and Overseas Cooperation Volunteers (described below), establishing overseas technical cooperation centers and medical facilities, conducting development surveys for LDC's, and providing equipment and materials (8, 9). OTCA receives foreign participants at five international training centers in Japan for all types of technical training under the Colombo Plan and other technical cooperation programs.

More than 60 countries receive technical aid; programs in various fields range from agriculture to atomic energy. The budget for the year ending March 31, 1971, totaled more than \$23 million (table 11) (9, 17). Bilateral official technical assistance has tripled since 1963. However, technical assistance still accounts for only 4.4 percent of total bilateral official assistance, far below the 27.2-percent average for DAC countries. This fact has always been pointed out by DAC at its annual consultations, and so Japan is placing more emphasis on technical assistance. The language barrier, not finances, is the major deterrent to rapidly expanding technical assistance.

The technical aid budget for JFY 1970 was almost one-fifth more than that of the preceding year. Expenditures were made for three project groups: (1) OTCA projects under the jurisdiction of the Ministry of Foreign Affairs, \$22.6 million; (2) overseas development research under MITI, \$0.4 million; and (3) overseas cooperation in scientific education under the Ministry of Education, \$0.1 million.

Japan now receives about 1,000 trainees annually for participation in about 100 group training programs in all fields. In addition, individual training in Japan is provided for some 1,500 to 2,000 persons. At the beginning of 1971, trainees in Japan were from 21 Asian, seven African, and 14 Latin American countries. About one-fourth of foreign trainees are agriculturists.

Requests from countries for the assistance of Japanese technical experts continue to increase. Requests from international agencies, such as the Economic Commission for Asia and the Far East (ECAFE) and the Asian Development Bank (ADB), also have been increasing. Bilateral projects aim at giving

Table 11.--Japan's official technical assistance budget, 1969-70 1/

Budget item	1969	1970
: - - - <u>Million dollars</u> - - -		
OTCA (Ministry of Foreign Affairs):		
1. Training foreign nationals in Japan.	2.9	3.6
2. Japanese technical experts abroad.	3.0	3.3
3. Mekong River development research.	0.2	0.2
4. Asian Highway project research	0.1	0.1
5. Malacca Straits research	--	0.1
6. Preinvestment basic research	0.4	0.5
7. Overseas technical cooperation centers . .	1.9	2.0
8. Japanese Overseas Cooperation Volunteers .	2.5	3.2
9. Medical cooperation.	2.5	2.5
10. Agricultural development cooperation . . .	1.5	1.9
11. Other.	4.1	5.2
Subtotal	19.1	22.6
Ministry of Internat'l. Trade & Industry:		
Overseas development research.	0.3	0.4
Ministry of Education:		
Overseas cooperation on scientific education .	0.1	0.1
Total.	19.5	23.1

1/ Japan's fiscal year begins April 1.Source: (9, 17).

know-how to LDC's through various activities of research, study, and technical cooperation in the economic and social development of a region. About 350 experts were sent to individual countries in 1970, and 300 experts to international organizations.

Technical cooperation centers are established in LDC's, and the necessary Japanese experts and equipment are provided. A recipient country furnishes land, buildings, and staff. More than 20 such centers have been set up. Activities vary from research to model farming and productive work coupled with training programs. The first agricultural cooperation center was established in 1960 in East Pakistan. Investigations are being conducted by Japan's diplomatic missions and OTCA branch offices abroad to determine where to locate additional centers.

The Overseas Cooperation Volunteers Program, begun in 1965, is comprised of young people who have average technical knowledge and skills and a desire to help the LDC's. The aim is to provide assistance for socioeconomic development in a receiving country and to widen the views of volunteers through international work. The number of volunteers continues to increase year by year, as do requests from LDC's. Of 310 volunteers sent abroad in 1970, 230 went to Asia, 70 to Africa, and 10 to Latin America.

In mid-1967, OTCA established an Agricultural Development Cooperation Department. A main purpose of this department is to help countries increase their agricultural output and thus improve their economic position. Another purpose is to promote the production of exportable agricultural products, such as corn, grain sorghum, and oilseeds. OTCA establishes operations in the country; sends specialists in agriculture, marketing, and other fields; and provides fertilizers and machinery for demonstration purposes. OTCA arranges loans through Japanese trade and banking institutions for the LDC to purchase the necessary materials from Japan and arranges for the importation into Japan of the commodities produced.

OTCA's expenditures for agricultural development cooperation have increased steadily, reaching \$1.9 million in 1970 (table 12) (9, 17). Projects are designed to extend assistance and guidance to selected small areas which can become models for further widespread development. Expanding production of commodities for export receives high priority. Through 1970, activities were largely concentrated in Southeast Asia. However, a very substantial increase in projects in Africa and Latin America is anticipated.

Import Promotion

The primary responsibility of the Japan External Trade Organization (JETRO), a corporate entity under MITI guidance, is export promotion. It also has direct responsibility for assisting LDC's in promoting the sale of their products in Japan (9, 30). One way JETRO accomplishes this is by arranging and financing country exhibits (trade fairs) in Japan of products available for export. Between 1966 and 1970, 16 exhibits were held in Japan under JETRO sponsorship. Four exhibits are now scheduled annually.

Table 12.--Japan's budgets for agricultural development cooperation,
by country, 1967-70 1/

Country and budget item	1967	1968	1969	1970
<u>1,000 dollars</u>				
Indonesia:				
Increasing food production in West Java	215	102	99	100
Agricultural development in Tadjum	0	0	34	199
Agricultural research	0	0	17	121
Philippines:				
Rice production development (Naujan, San Miguel)	170	328	133	128
South Vietnam:				
Cantho University	0	0	123	80
Laos:				
Agricultural development in Tha Ngon	53	249	96	100
Cambodia:				
Corn production	224	117	85	84
Livestock center	138	87	88	41
Malaysia:				
Agriculture mechanization training	133	176	70	38
Thailand:				
Sericulture development	0	8	235	196
Ceylon:				
Agricultural development	0	35	127	160
India:				
Agricultural technical centers	104	248	238	336
Agricultural development in Dandakaranya	0	0	93	155
Nepal:				
Basic Agricultural development research	0	0	14	--
Others:				
Basic agricultural development research, mobile instruction, preliminary arrangements for projects	6	106	22	163
Total	1,042	1,455	1,472	1,901

1/ The budgets include details for item 10, table 11. Japan's fiscal year begins April 1.

Source: (9, 17).

There is much interest on the part of both the Japanese and the LDC's, because of Japan's need for and interest in importing a wide range and variety of products. JETRO has a long waiting list of prospective exhibitors.

Tariff Preferences

In conformity with the 1968 agreement at the United Nations Conference on Trade and Development (UNCTAD), effective August 1, 1971, Japan introduced tariff preferences on imports from LDC's (6, 12, 24). The tariff applied to imports from LDC's will be lower than the ordinary rate for 892 items. The objective is to stimulate economic growth in these countries.

Tariff rates were reduced 20 to 100 percent on 59 farm and fishery products, without the imposition of a ceiling on import volume. Nevertheless, preferences can be withdrawn on certain items when imports exceed historical levels. Tariff rates were cut 50 to 100 percent on 833 minerals and manufactured goods.

Tariff preferences apply to 96 LDC's throughout the world. Included are numerous countries that are significant competitors of the United States in the Japanese market for imported farm products--notably Argentina, Brazil, Mexico, and Thailand. A few countries, chiefly African, which still maintain discriminatory trade practices against Japan under article 35 of the General Agreement on Trade and Tariffs (GATT) were excluded.

Other Aid-Oriented Activities

Several other Japanese organizations, both semiofficial and private, are concerned with overseas aid and investment. One is the International Development Center of Japan, organized in 1971 to provide trained Japanese specialists to work on development programs in LDC's (9). The center is supported by Government and industry. Government and business specialists selected by their organizations will normally undergo 2 years of training. In addition to the training program at the center, a major activity for the first year was the initiation of a basic economic development survey for Kenya, Tanzania, and Uganda by a five-member team. Another five-member team will initiate a feasibility study and draw up a master plan for constructing a petroleum complex on the coast of Thailand. Assistance has been extended to Indonesia on a major land development project. Other projects include basic surveys of the economies of South Vietnam, Laos, and Cambodia, and transportation surveys in Burma, Thailand, Malaysia, Singapore, South Vietnam, the Philippines, and Cambodia.

Enterprises engaging in dissimilar lines of business are banding together in groups for undertaking development abroad. The International Agricultural Development Company, financed by 30 interested firms, was formed in 1968 to supply technical assistance and farm requisites on a commercial basis to Asian LDC's (30).

Eight companies associated with the Fuji Bank known as the Fuyo Group, organized a consulting group for joint participation in agricultural development projects abroad (30). The group cooperates with governments and private enterprises in agricultural development, irrigation, and other

projects, and establishes joint ventures. The companies feel that grouping will reduce risks in agricultural projects requiring considerable time for development. The development companies will work closely with the Agricultural Development Cooperation Department of OTCA to further Japan's economic aims in Southeast Asia.

In 1969, the Ministry of Foreign Affairs sponsored the establishment of the Asian Private Joint Investment Company to provide a means for channeling farm requisites and technical assistance to LDC's by private business interests (30). Some two dozen companies are cooperating in this effort. Projects are underway in four Southeast Asia countries. The companies' basic objectives are to: (1) increase production of farm products for import by Japan and (2) expand overseas markets for Japan's agricultural equipment, fertilizers, chemicals, and other supplies. Products being promoted under this program are soybeans, sesame seed, silk, corn, grain sorghum, and cassava for feed.

The Institute of Developing Economics, subsidized by the Government, gathers information and statistics, conducts studies, and issues publications concerning development in Asian countries (9). The Association for Overseas Technical Scholarship, also subsidized by the Government, takes care of most foreign trainees coming to Japan on a private basis (9). The Japanese Consulting Institute promotes exports of heavy plant machinery (9). The Technical Cooperation Center of the Japanese Chamber of Commerce assists small Japanese firms in establishing plants overseas (9). The Japanese Overseas Development Corporation, a Government-private enterprise cooperative project, is a public foundation for accelerating industrial development in other nations and promoting Japan's trade with them (9). Also concerned with overseas operations are the Engineering Consulting Firms Association of Japan, the International Management Association of Japan, and the Japanese Productivity Center (9).

OVERSEAS INVESTMENTS

Rapidly increasing overseas investments by Japanese corporations are expected to result in significant changes in international trading relationships in the 1970's. Investments abroad are projected by Japanese officials to increase from \$3.6 billion in March 1971 to \$10 billion in 1975 and to \$25 billion in 1980 (12, 22, 24, 26, 29). The overseas investment balance was still under \$1 billion as recently as 1967. By comparison, investments abroad in that year totaled \$59 billion for the United States, \$19 billion for the United Kingdom, and \$3 billion for West Germany.

From April 1950 to March 1970, officially approved investments reached \$2,683 million, of which \$1,567 million, or 58.4 percent, was in LDC's (table 13) (9). Mining represents the largest area of investment, accounting for 33.2 percent of the total value of overseas investments as of March 31, 1970. Other investments overseas as of that date were commerce (12 percent), banking and insurance (8.6 percent), textiles (5.2 percent), wood and pulp (5 percent), iron and nonferrous metals (4.8 percent), transport equipment (3.7 percent), machinery (1.9 percent), electric machinery (1.8 percent),

Table 13.--Value of Japan's officially approved overseas investments, by industry and area,
March 31, 1970

Industry	Asia (excluding West Asia)	West Asia	Africa	Latin America	Europe	North America	Oceania	Total
----- <u>Million dollars</u> -----								
Mining.	226.5	301.9	55.9	82.6	0.4	123.3	101.1	891.8
Commerce.	11.3	0.5	0.1	14.0	23.0	266.3	7.5	322.7
Finance & insurance .	64.5	0.9	0.2	64.5	8.9	89.6	1.1	229.8
Textiles.	70.6	--	14.5	50.1	0.9	3.0	0.8	139.9
Timber & pulp	5.7	--	--	--	--	125.3	2.6	133.5
Iron & nonferrous metals	31.5	--	2.2	63.8	--	0.9	30.5	128.8
Transp. equipment . .	12.4	1.0	--	67.5	3.2	15.0	0.7	99.7
Machinery	8.8	--	--	37.4	2.2	2.7	0.4	51.6
Electric machinery. .	30.0	1.4	0.7	13.6	0.6	0.3	2.6	49.0
Agr. & forestry	35.0	--	--	5.6	0.5	3.8	3.2	48.1
Foodstuffs.	27.2	--	1.7	6.4	5.5	1.8	2.4	45.1
Chemicals	15.0	--	1.4	5.6	1.4	9.9	0.7	34.2
Construction.	1.8	--	--	26.5	--	4.6	--	32.8
Overseas branches . .	14.9	0.1	0.4	0.7	2.8	7.6	0.1	26.6
Fisheries & marine products	4.3	0.1	1.3	7.6	0.1	2.0	3.3	18.8
Other	44.5	0.4	0.2	66.6	235.5	64.3	1.1	430.6
Total	604.0	306.3	78.6	512.5	303.0	720.4	158.1	2,682.9
----- <u>Percent</u> -----								
Percentage for areas	22.5	11.4	2.9	19.1	11.3	26.9	5.9	100.0

Source: (9).

agriculture and forestry (1.8 percent), foodstuffs (1.7 percent), chemicals (1.3 percent), construction (1.2 percent), overseas branches (1.0 percent), fisheries and marine products (0.7 percent), and other activities (16.1 percent).

On a regional basis, investment in North America led with 26.9 percent, followed by East, South, and Southeast Asia combined (22.5 percent), Latin America (19.1 percent), West Asia (11.4 percent), Europe (11.3 percent), Oceania (5.9 percent), and Africa (2.9 percent).

Investments in the form of loans represented 47.8 percent of the March 1970 total (table 14) (9). Next came acquisition of securities (38.6 percent), followed by direct overseas investments, including acquisition of real estate (12.6 percent), and establishment of overseas branch offices (1 percent).

In 1969, the Export-Import Bank of Japan released results of a survey of private Japanese firms with capital investments in business operations abroad. It indicated that the objective of 77 percent of manufacturing firms is the export of industrial products--in other words, the development and maintenance of overseas markets. Some 71 percent of the agriculture, forestry, fisheries, and mining sector firms aimed at developing imports of needed materials into Japan.

Japanese manufacturing concerns are increasingly interested in moving into or expanding overseas operations. The growing shortage of labor and relatively high wages in Japan are important considerations. Much of the movement is to Korea, Southeast Asia, and other areas where labor is abundant and cheap. Also, with Japan and other developed nations providing for lower tariffs on products of the LDC's, Japanese industries wish to manufacture in locations where they can take advantage of such concessions. The emphasis is on joint ventures with domestic capital to avoid to the greatest extent possible the unfavorable reactions toward foreign-owned enterprises that frequently occur in LDC's.

Until October 1969, the maximum limit for automatic approval on overseas investments by the Bank of Japan was \$50,000. This was boosted to \$200,000, then to \$300,000, and in September 1970, to \$1 million. However, true liberalization of overseas investments is yet to come. But rapid liberalization appears certain, especially in view of Japan's large, favorable foreign trade balance.

Strong statements favoring large increases in overseas investments have emanated from MITI, the Ministry of Foreign Affairs, and other Government policymaking bodies. Japan's leadership realizes it must take positive steps to prevent the accumulation of excessive foreign reserves (12, 19, 20, 24, 29). Effective adjusters of the balance of payments are increased overseas investments and imports.

Direct investments in overseas agriculture are expanding and diversifying. Nevertheless, such investments are expected to continue to represent only a small part of the total. Increasing emphasis, however, is being placed on overseas infrastructure projects that will contribute to the export of agri-

Table 14.--Value of Japan's officially approved overseas investments,
by area and type, March 31, 1970

Region	Securities	Loans	Direct investments	Branch offices	Total	Percent
			Million dollars			-Percent-
Asia (excluding West Asia)	239.1	347.9	2.1	14.9	604.0	22.5
West Asia	4.3	--	301.9	0.1	306.3	11.4
Africa.	18.0	60.0	0.2	0.4	78.6	2.9
Latin America	259.8	248.4	3.6	0.7	512.5	19.1
Europe.	49.2	250.8	0.2	2.8	303.0	11.3
North America	430.0	251.6	31.2	7.6	720.4	26.9
Oceania	34.7	123.3	--	0.1	158.1	5.9
Total	1,035.1	1,282.0	339.2	26.6	2,682.9	--
Percentage by type	38.6	47.8	12.6	1.0	--	100.0

Source: (9).

cultural commodities and industrial raw materials. Such investments usually provide a market for Japanese heavy machinery and other industrial goods.

AID AND INVESTMENTS IN ASIA

East Asia

Geography, history, international politics, and the many common elements in their cultural heritages all contribute to the high priority Japan places on economic relations with the countries of East Asia--China, South Korea, the Soviet Far East, and Taiwan. Both Mainland China and Taiwan have long been important sources of food imports, and some increase in agricultural imports from them and from other countries of East Asia can be expected. However, most of the anticipated increase in economic relations with the countries of East Asia is more closely tied to Japan's desire to diversify sources of industrial raw materials and expand export sales of industrial products. Also, as Japanese manufacturers look abroad, they are attracted by the cheap and efficient labor of Mainland China, Taiwan, and South Korea.

Mainland China--Although there are no diplomatic ties between the two countries, no Japanese investments in China, and no aid program, Japan is, nevertheless, China's most important trading partner. In 1970, Japan accounted for over one-fourth of China's imports (24). In that year, Japan's exports to China totaled \$569 million, while imports totaled \$254 million. Food and agricultural raw materials accounted for nearly two-thirds of the import total. The most important item was soybeans, followed by raw silk, fish, dried beans and peas, and animal products.

In 1971, the Ministry of Agriculture and Forestry announced plans for a mission to survey the feed grain situation in China and several other countries (6, 24). Also, in late 1971, the establishment of a Chinese Agricultural Products Import Survey Office within the Ministry of Agriculture and Forestry was announced. This new office is to work closely with MITI. A spokesman for the Ministry of Agriculture and Forestry expressed a strong and special interest in developing imports of corn and sorghum from China and for expanding imports of certain other significant items in current trade, such as soybeans, dried beans, raw silk, and liquid eggs. The new office will also be able to provide technical agricultural aid to China.

Agricultural cooperatives in Japan are especially active in seeking to expand trade with China. The All-Japan Federation of Agricultural Sales Cooperatives announced in October 1971 the import of 1,000 tons of sweet-potato starch from China--the first import of this product from that country. Also in October, a Japanese trading company announced that it had signed a contract with a Chinese agency to import 35,000 tons of foodstuffs in 1972, including 15,000 tons of fresh vegetables. The company hopes to develop a permanent and expanding import trade in Chinese vegetables.

Despite the above, it seems most likely that Japan's agricultural imports from China will show only a moderate upward trend. A private Japanese study indicates that agricultural imports from China have been limited by supplies

available for export rather than any lack of Japanese efforts to import (24). The study concludes that with China's huge and growing population to feed and with living standards rising, the total availability of agricultural products for export to Japan is unlikely to expand more than 5 to 10 percent annually. The most rapid expansion will probably occur for such labor-intensive products as green tea, silk, and vegetables.

South Korea--Since relations between the two countries were normalized in 1965, Japanese Government assistance to economic development and Japanese private investment in South Korea have been quite substantial. In 1965, Japan agreed to grant South Korea \$300 million to compensate for various losses during the 36-year Japanese occupation of the country. Thirty million of these funds have been made available annually for the purchase of Japanese materials, machinery, and equipment. In addition, Japan agreed to extend \$200 million in Government loans and guaranteed at least \$300 million in commercial loans within 10 years. Part of each of these funds has been expended on projects that contribute to increased agricultural production. In addition, since 1969, Japan has shipped several hundred thousand tons annually of surplus rice on a grant and loan basis. Japan accepted 1,018 trainees in such fields as agriculture, fisheries, and administration from the Republic of Korea and sent 53 experts to that country up to the end of JFY 1969.

At a ministerial meeting between the two Governments in August 1971, the Japanese agreed to lend \$150 million in new Government loans and committed itself to promote Japanese private investments in South Korea (7, 24, 34). Japan agreed to cooperate with the Republic of Korea Government in carrying out its new economic development plan. It also agreed to dispatch a Japanese Government survey mission to assist agricultural development. Japan is to send a mixed Government-business survey mission for the development of trade between the two countries and to expand tourism in Korea.

Private investments by 185 Japanese firms in South Korea totaled \$75.1 million as of May 31, 1971 (7). Investments in agriculturally related enterprises totaled approximately \$1.4 million in 10 joint Korean-Japanese financed firms. These firms produce processed foods, pork, hemp products, and rush mats for export. Products for domestic consumption include gelatin, dairy equipment, hemp products, processed milk, and mixed feeds. Other joint ventures have been more recently announced. They include production of agricultural implements and machinery, broilers, fertilizers, and mixed feed for domestic consumption, and processing imported meats (from Australia and New Zealand) for export to Japan.

Japan expects to extend around \$1.3 billion in Government and private funds in support of South Korea's third 5-year economic development plan (1972-76) (2, 4, 7, 29). This will represent one-third of the financing that the Republic of Korea Government expects from abroad. In turn, foreign fundings are expected to cover one-third of total expenditures under the plan. Increasing agricultural production and expanding exports are high-priority goals of the third plan.

Japanese financial and technical assistance is expected to contribute to increased output of rice, Korea's basic food, and many other agricultural items. It is likely to result in increased exports--mainly to Japan--of rice wine, raw silk and silk goods, pork, processed meats, fruits, vegetables, fish, and seaweeds. However, the paucity of South Korea's farmland resources and the growing domestic demand for food and fiber will continue to restrict farm product exports to Japan.

Soviet Far East--Owing to its proximity and its vast untapped natural resources, the Soviet Far East is of special interest as a future source of raw materials for Japanese industry. Also, large development projects so near by are expected to provide substantial overseas outlets for Japanese machinery.

Business leaders in Japan have recently stepped up efforts to expand economic relations with the Soviet Union. Major interest centers around the development of the natural resources of Siberia and Sakhalin. Japanese businesses work through the Japan-Soviet Economic Committee, made up of influential economic bodies such as the Federation of Economic Organizations and the Japanese Chamber of Commerce and Industry. This committee meets periodically with Soviet representatives to discuss projects in which joint interest may be developed. The first meeting was held in 1965; the fifth, and most recent, in late 1971 (5, 24).

Final agreement has been reached for Japanese participation in the building of port facilities near the Soviet town of Nakhodka, southeast of Vladivostok. Basic agreement has been reached on the development of natural gas in northern Sakhalin and its importation by Japan. This project will involve an investment tentatively estimated at \$500 million. Under active consideration is a proposed project in Siberia for development of oil for import by Japan. Another is for Japanese participation in the improvement of the trans-Siberian railroad to make container freighting possible on the line.

Provided the Soviets are sufficiently interested, large Japanese investments in Soviet East Asia can be anticipated. Investments will center on development of mineral, oil, and forestry resources for import of their products by Japan. No agricultural development projects are anticipated.

Taiwan--Taiwan is an important source for Japan of several farm products, such as sugar, bananas, pineapples, and green tea. It is an important market for the products of Japan's heavy industries. Substantial amounts of Japanese technical aid, credit, and investments have gone to the island.

Japan committed itself to supply Taiwan with \$150 million in yen credit for economic development during the 5 years ending March 1970 (later extended to June 1974) (9). As of September 30, 1970, credit of \$137.3 million for 20 infrastructure and industrial projects had been agreed upon. Projects related to agriculture include fertilizer factories, sugar industry modernization, and a bagasse pulp plant. Export credits have increased sharply and totaled \$108 million for the year ending March 1970. Ships and industrial

machinery were the main items. Up to March 1970, the Japanese Government, through OTCA, accepted 1,630 trainees from Taiwan in such fields as agriculture, fisheries, education, and industrial chemistry, and sent 115 technical experts.

Owing to its nearby location and the availability of relatively cheap but high-quality labor, Taiwan has been a particularly attractive place for Japanese overseas investments. As of March 1970, such investments included 312 ventures. Most were enterprises for the manufacture of textiles and machinery, but they included a hog slaughterhouse and a plant for freezing fruits and vegetables for export to Japan. However, foreign investments in agricultural production are generally discouraged by the Taiwan Government.

Southeast Asia

Southeast Asia--Burma, Cambodia, Indonesia, Laos, Malaysia, North Vietnam, Philippines, Singapore, South Vietnam, and Thailand--ranks after the United States as an export market for Japanese goods. The region is an important source of foods, feedstuffs, and industrial raw materials. Japan's first overseas aid programs were launched there and most such activities are still concentrated there.

Two countries--Indonesia and Thailand--are especially attractive to Japanese investors. Large new investments and aid programs are anticipated. Many will be aimed at expanding the production of feedstuffs and other farm products for export. However, as Japan's aid and investment activities are stepped up on a world-wide basis, the relative importance of Southeast Asia will decline. But it will probably long continue to be the leading region for Japanese overseas aid and investment and an expanding source of agricultural imports.

Burma--The Government of Burma is, in general, strongly opposed to foreign aid and investments. Nevertheless, Burma receives about \$11.7 million annually from Japan in the form of war reparations payments (9). A small amount of Japanese credit has been used for the import of textile and electrical machinery, and Burmese participate in a limited way in Japan's training and other technical cooperation programs. Only three Japanese business investments have been made in Burma--all have been nationalized. The Japanese have expressed an interest in importing more farm products from Burma, especially pulses, but with no significant results. However, Burma possesses vast physical potential for expanding farm production which could lead to a sharp rise in agricultural exports to Japan if Government policies on encouragement of foreign investors and foreign trade should change.

Cambodia--Japan's aid to Cambodia dates from the signing of an economic and technical cooperation agreement between the two countries in 1959 (9). As a token of Japan's appreciation of Cambodia's waiving of all rights to war reparations, the agreement provided for \$4.2 million in economic and technical assistance. Japan agreed to supply materials for the Phnom Penh waterworks and a bridge over the Tonle Sap River, and to construct and provide machinery and equipment and supply technicians for 7 years for a crop

experiment and seed multiplication center, a livestock research and breeding center, and a medical center. The three centers were constructed and equipped by 1966. A 1969 agreement extended for 2 years the period during which Japan would provide Japanese technicians and materials for operation of the centers. In the latter part of 1970, the Japanese Government agreed to extend, through the Japanese Red Cross Society, \$2 million in nonreimbursable aid for emergency goods, centered on foods, pharmaceuticals, and textiles.

The commodity whose production Japan is most interested in promoting in Cambodia is corn for export to Japan (8, 24, 30, 35). Between 1961 and 1969, Japan dispatched to Cambodia seven technical teams concerned with corn production and handling. In 1965, a Japanese consortium was established to initiate production of corn on a commercial basis; the Cambodia Economic Cooperation Company (SOCODAC) is owned jointly by five Japanese trading firms (50 percent) and the Japanese Government (50 percent). Funds were supplied by OECF. In May 1968, SOCODAC established a joint agricultural venture in Cambodia called Societe Khmer des Cultures Tropicales (SOCTROPIC). Ownership of this company is divided--51 percent for the Cambodian Government and 49 percent for the Japanese consortium. In 1969, SOCTROPIC announced plans to build a large cornseed farm in the Prek Knot area of Cambodia, on part of 12,000 acres to be irrigated under the United Nations water power and irrigation development plan.

A private Japanese company announced plans for joint ventures with local Cambodian cooperatives in corn growing and livestock raising. Owing to hostilities which began in Cambodia in 1970, work on these projects has been delayed. Nevertheless, Japan expects to be importing 300,000 tons of corn annually from Cambodia by 1980. (2, 24, 30). Cotton textiles account for a major part of Japan's limited industrial investments in Cambodia.

Indonesia--With a population of approximately 120 million, Indonesia is a growing market with much potential for purchasing Japanese industrial products. Also, it is important to Japan as an expanding source of raw materials, as the country possesses very substantial unexploited agricultural, mineral, oil, and timber resources. Recently, Japan has shown interest in establishing industrial enterprises in Indonesia to take advantage of the ample supply of cheap labor. This interest is also in line with Japan's new policy of having some production operations based in an LDC so as to receive preferential treatment on exports to developed countries.

The Japanese are increasingly involved in farm production and in infrastructure projects that will assist in expanding Indonesia's agricultural exports. Projects now underway can be expected to result in exports by 1980 of at least one-half million tons of corn, 200,000 tons of grain sorghum, 50,000 tons of peanuts, and substantial additional quantities of other oil-seeds, green tea, silk, and certain other farm commodities (2, 10, 24, 30). Additional projects of a similar nature will almost certainly develop.

Indonesia has been a major recipient of Japanese economic and technical assistance. Japan's reparations agreement with Indonesia, which came into force in 1958, provided \$233 million over 12 years. Payments were completed

in 1970. In addition, Japan provided \$82 million as security on loans for reparations projects. Since 1966, economic aid has been extended to the Indonesian Government; annual commitments show an unbroken upward trend.

The economic aid agreement between the two Governments for 1971 provided for total Japanese economic assistance of \$155 million. Of this total, \$55 million is classified as loans to finance commodity imports and \$10 million as food grants. The remainder of the aid consists of two parts--\$70 million for project assistance and \$20 million for the import of rice--20 percent from Japan, 20 percent from Burma, and 60 percent from Thailand. The \$155 million for 1971 compares with \$140 million for 1970, \$120 million for 1969, \$110 million for 1968, \$60 million for 1967, and \$33 million for 1966. A majority of Japanese Government-financed projects have been in infrastructure development and improvements.

Through March 1970, 1,879 technical trainees and students had received training in Japan under Government programs (there were 152 in JFY 1969). The principal fields of training were agriculture, administration, and transportation. Up to 1970, Japanese private industry provided technical training for 320 Indonesians (107 in JFY 1969). Printing and the use of farm implements and industrial machinery were the principal fields of private industry training. Up to 1970, the Japanese Government had assigned 148 technical experts to duty in Indonesia (34 in JFY 1969). These included experts in corn growing, rice growing, silk production and processing, and other agricultural specialties. In 1970, Japan completed a fisheries training center at a cost of \$278,000. It is staffed by Japanese experts. Numerous survey teams have visited Indonesia and rendered technical reports. Several teams have been primarily concerned with the possibilities of expanding production of corn and other farm products for export to Japan.

Japanese private investments in Indonesia are growing rapidly. Between January 1, 1967, when a new law to encourage and regulate foreign investments came into effect in Indonesia, and March 31, 1970, Japanese investments that had received the approval of the Indonesian Government reached a potential total of \$191 million in 43 separate ventures (9). Disbursements, of course, were still far below that level. Included were farming, foodstuffs, forestry, fishing, mining, oil, and textile ventures. Prior to 1967, nine production-sharing projects were initiated, involving the extension of Japanese credit and technical assistance to Indonesian enterprises and the purchase by Japan of all or part of the output. Commodities include lumber, nickel ore, and oil.

One of Japan's major trading companies, working with an Indonesian agricultural cooperative in southern Sumatra, began the development of a large agri-industrial complex in 1968. The trading company has 51 percent interest and the cooperative, 49 percent. Activities and projects of the complex include corn production, ports, and highways. By 1970, some 2,500 acres were in cultivation. Plans call for the area cropped by this Japanese-Indonesian enterprise to be expanded to at least 30,000 acres. Yields are expected to average 3.5 tons per acre annually (two-crop basis). In addition, farmers in the area are to be encouraged to grow at least as much for export. Therefore, if the project is reasonably successful, and reports indicate

steady progress is being made, at least 200,000 tons of corn will be exported from southern Sumatra to Japan by 1980 (2, 24, 30). Some Japanese have even mentioned the possibility of annual exports reaching 1 million tons.

A private joint Japanese-Indonesian firm, with Japanese Government financing, began an agricultural production-for-export project on Sulawesi Island in 1970. A 500-acre model farm is being developed. The main crops to be grown are corn, peanuts, and castorbeans. Local farmers are encouraged to grow these crops under contract and are provided seeds and technical guidance. By 1975, exports to Japan valued in excess of \$5 million are expected. These may include 30,000 tons or more of corn (24). By 1980, exports are expected to include at least 100,000 tons of corn and 50,000 tons of peanuts.

At a Colombo Plan corn production project in eastern Java, Japanese aid technicians are concentrating on development of suitable varieties, disease control measures, and problems of drying and fumigating corn for export. Private Japanese interests have installed equipment for drying, fumigating, and handling corn at the port of Surabaja. Three separate experimental-demonstration crop areas of 500 acres each have been planted to corn. Yields are reported to be about four times the average for the area. One major problem in expanding corn production in eastern Java is that practically all potentially arable land is now fully utilized. Nevertheless, higher yields and improved marketing facilities are expected to make it possible for eastern Java to export 100,000 to 200,000 tons of corn by 1980 (24, 30).

A private Japanese firm is promoting grain sorghum production in the Krawang area of Java. The firm expects the area under sorghum to reach 250,000 acres and plans to purchase the outturn for export to Japan. Exports to Japan of 200,000 tons annually are expected before 1980 (24, 30).

Other agriculturally related investments include the establishment in 1970 of a joint Japanese-Indonesian enterprise for poultry production near Djakarta with 10,000 parent-stock birds. This enterprise will supply the local market and its products will not be for export. In late 1971, a large Japanese firm announced its intention to establish an animal feed manufacturing enterprise in Indonesia. The firm expects to use locally procured ingredients and to sell part of its output in Indonesia and export part to Japan. Another Japanese company plans to produce green tea in Indonesia for export to Japan.

Laos--Japan's aid to Laos started in 1958, upon the signing of an economic and technical cooperation agreement between the two countries. Two major projects, totaling approximately \$2.8 million, were undertaken under this agreement: installation of electric generating equipment and a water filtration and distribution system in Vientiane. Most assistance has been used to develop the country's infrastructure and to help Laos meet its foreign exchange needs. Laotians participate in Japan's training and other technical cooperation programs.

The major Japanese effort to assist in the agricultural development of Laos is the operation of an experimental farm near the village of Tha Ngone, some 25 kilometers north of Vientiane. The Japanese have been working with

the Laotians at this location since 1966, operating and improving an experimental farm of some 200 acres. In 1971, about 25 agricultural experts--about half Japanese and half Laotians--were working there. Major emphasis is on rice, and four crops are harvested annually because a combination of early Japanese rice varieties and International Rice Research Institute (IRRI) varieties is used. Experimental work is also going forward on corn, pineapples, sweetpotatoes, bananas, poultry, swine, and cattle.

Adjacent to the experimental farm, the Japanese are developing some 2,000 acres of irrigated land from jungle. Laotian farmers are being settled there, and Japanese experts are helping guide their farm operations. Also, in the vicinity of Vientiane, Japanese experts have established a sericulture center to produce silk for export to Japan.

Besides silk, only corn appears to be a probable item for future export to Japan (2, 24, 30). But the present high cost of moving corn to shipside at Bangkok hampers the development of corn exports. Transport rates in Thailand favor Thai products over those of landlocked Laos.

Malaysia--Japan's World War II settlement with Malaysia in 1967 provided for \$8.2 million to cover the cost of two new oceangoing freighters. A long-term yen credit of \$50 million was committed in 1966 to support the country's first 5-year economic development plan. In fiscal 1969, export credits for industrial products totaled \$31.8 million. Malaysians participate in Japan's training and other technical cooperation programs.

Japanese investments as of March 1970 totaled \$36 million in 86 ventures. These are primarily joint Japanese-Malaysian enterprises. Mining ventures are the most numerous, followed by timber, pulp, and textile ventures. One venture is a \$1 million banana plantation in East Malaysia, which ships bananas to Japan. Also, the Japanese have invested in several sugarcane mills, but the output is entirely for consumption in Malaysia. Under discussion is a 10-year program for developing 250,000 acres of farmland from jungle in East Malaysia. The project will include necessary roads, railroads, and electric power facilities. Financing for this \$300 million project is expected from the Japanese Government and international banks. The main crop is expected to be rice.

North Vietnam--Japanese business missions visited North Vietnam in 1970 and 1971 at the invitation of the North Vietnamese Chamber of Commerce. In turn, a North Vietnamese economic mission visited Japan in late 1971 at the invitation of Japanese cooperative organizations. Agreements reportedly have been reached for Japanese investments in a joint Japanese-North Vietnamese shipping company and in several textile enterprises. Most of the textiles produced will be marketed in other Communist countries. Japanese interests have agreed to invest in North Vietnamese production of corn and other animal feeds for export to Japan (24).

Philippines--A 1956 agreement with the Philippines provided for reparations of \$550 million over 20 years. Up to September 30, 1970, \$337 million of this was authorized for payment for such principal items as ships, plants (cement, paper, textiles, and the like), machinery, and automobiles. Japan has promised to supply the Philippines with yen credit of \$30 million for construction of a highway, including ferries, known as the Japan-Philippine Friendship Road, running through the island country from north to south. As of March 1970, 907 Philippine trainees had been accepted by OTCA. Some 86 technical experts and 121 overseas cooperation volunteers had been dispatched by the Japanese Government.

Legal impediments imposed by the Philippines until 1967 confined Japanese investments in the islands to loans for the development of mineral and timber resources for export to Japan. From 1967 to 1970, Japanese capital totaling \$40 million was invested in 23 textile manufacturing and other business ventures in the islands. Only one recent investment was in agriculture. However, the Japanese have made a number of commitments with American and Philippine investors to take bananas and other farm produce, thus indirectly stimulating investment in agriculture. Also, over the past several years, they have financed the sale of numerous sugar mills on a long-term basis. Recently, one of Japan's largest trading companies helped form a joint Japanese-Philippine company that began development of a 7,500-acre banana plantation on the island of Mindanao. Some \$2.5 million will be invested by the end of 1972. All the bananas will go to Japan (24).

Singapore--In 1966, Japan agreed to grant \$16.3 million to Singapore to settle problems remaining from World War II incidents. Export credits and long-term yen credits were also extended. Most of the financing has been used to purchase Japanese machinery, ships, and construction materials for ships and shipyards. Singapore citizens participate in Japan's training and other technical cooperation programs.

This prosperous city-state of Southeast Asia is particularly attractive to Japanese as well as other foreign investors. Japanese investments as of March 1970 totaled \$24 million in 78 ventures--many involve joint ownership with Singapore citizens. Leading enterprises include shipbuilding, plywood, textiles, and precision machines. An increasing number of Japanese companies wish to launch manufacturing operations in Singapore for export purposes. Japanese engineering, management consultant, and other service firms are following Japanese industry to Singapore. Many trading companies make the city the base for operations throughout Southeast Asia. The island will grow as a trading base for the farm products of Southeast Asia but will itself be of no significance as a producer of farm products for export.

South Vietnam--South Vietnam has received Japanese war reparations of \$39 million and other Japanese grants and credits. Its citizens have participated in the technical cooperation programs. Owing to the current war, only a few Japanese investments have been made, mostly for the establishment of branch offices by trading firms. A joint Japanese-Vietnamese enterprise for manufacturing farm machinery has been established. Plans call for annual production of 2,400 large farm tractors, 6,000 garden-type tractors, and 30,000 engines.

The Japanese have indicated a keen interest in participating in the postwar economic development of South Vietnam and especially in promoting production of corn and grain sorghum for export to Japan.

Thailand--Japan is most interested in promoting increased agricultural production in Thailand for export. The two economies complement each other. Thailand is relatively near Japan. The climate for investment is generally favorable. The country has much undeveloped land and other potentials for expanding farm production. A large trade deficit in favor of Japan further stimulates attempts to assist in increasing Thai exports. Some of Japan's earliest post-World War II economic promotional activities took place in Thailand, and her activities there are continuing and expanding.

Government-to-Government loans totaling about \$60 million have been extended by Japan to Thailand over the past 4 years. Projects financed from this amount include the Bangkok telephone system, navigation channels of coastal ports, State railways, bridge construction, and electrical power developments. Export credits extended by private Japanese companies to Thai importers are estimated at \$100 million per year. Most imports are capital goods. The payment period is usually 5 to 10 years.

Japan's technical aid to Thailand began in 1955 and now amounts to about \$2 million per year. Through 1970, the Japanese Government had provided training in Japan for 1,803 Thai technicians and dispatched 745 Japanese experts and technicians to Thailand. Through 1969, the Japanese Ministry of Education had awarded scholarships to 225 Thai students. In addition, Japanese private enterprise has provided training for over 600 Thai technicians.

Under various agreements between the two Governments, the Japanese have constructed and equipped several technical training centers and provided trained Japanese personnel to run them. A road-construction training center was established at Songkhla in 1965 under the guidance of 10 Japanese experts. A telecommunications center at Nonhaburi has about 475 students and provides a 5-year college program. Other Japanese technical aid projects include a municipal waterworks survey, establishment of a virus research institute and a national cancer institute, and sponsorship of research and training in tropical diseases and ophthalmology.

Five Japanese experts provide technical guidance at a recently established sericulture development center near Korat in northeastern Thailand. Specialized equipment valued at \$200,000 has been donated by Japan. Three branch centers will also be equipped by the Japanese. It is expected that silk production will be improved and expanded to provide exports to Japan and elsewhere. Technical aid is provided to develop soybean varieties suited to Thai conditions and the requirements of the Japanese market. Technical aid in agriculture has also been provided in rice physiology, rice pathology, rice entomology, grain sorghum variety research, bamboo culture, farm cooperatives, cassava processing, and other fields.

According to statistics released by the Thai Board of Investment, Japan's investments in Thailand are nearly double those of the United States, the second-ranking foreign investor nation there. As of March 1970, Japanese investments totaled \$80 million in 225 separate ventures.

The Japanese have invested heavily in the large and growing textile industry, participating in 25 separate textile ventures. Thirteen companies assemble--or manufacture parts for--cars, trucks, and motorcycles. The Japanese participate in steelmaking and ironmaking ventures and seven major food manufacturing or processing companies. The Japanese figure prominently in firms fabricating or assembling electrical equipment, television sets, radios, glass, plastics, cosmetics, paints, and chemicals. Japanese banks and advertising agencies serve the needs of local Japanese industries.

Japanese industries are using increasing quantities of local raw materials. In 1967, Japanese factories in Thailand imported 65 percent of their raw materials from Japan and 20 percent from other countries, while only 15 percent was locally produced. By 1970, the proportions were 61 percent from Japan, 15 percent from other countries, and 24 percent from local sources.

For years, there have been large annual trade deficits in favor of Japan. In 1970, Japan's exports to Thailand totaled \$449 million, while imports, although at a record level, totaled only \$190 million. In consequence of this unfavorable trade balance, Thailand has strongly urged Japan to buy more Thai products. Japan, as part of its program to diversify sources of raw material imports, as well as in response to the Thai position on its unfavorable trade balance, is actively promoting Thai production of such agricultural products as corn, soybeans, and silk that Japan needs to import in ever-increasing volume. Also, Japan is promoting Thai production of agricultural and light industrial products for export to third-country markets. Attention is being given to the construction of transportation and harbor facilities to expedite this export trade. For example, investment by three of Japan's largest trading firms in the biggest elevator operation in Thailand--the Bangkok Drying and Silo Company--doubled that company's capitalization and will expedite the collection and export of corn and other products.

Japan's efforts to encourage the production of Thai farm products for export date from 1961, when an importers' cartel, the Thai Corn Importers Committee, was formed in Japan. In negotiations each year with the Thai Government, this committee commits itself to purchase certain amounts of Thai corn. The Japanese agreed to purchase a record total of 1 million tons--about half the Thai crop--during September 1971-May 1972. In the same period of 1970-71, Thailand exported 845,000 tons of corn to Japan.

In 1970, at the urging of Thai officials, Japan agreed to designate import targets for a long list of Thai products. The import goals set for 1970 were generally somewhat above recent levels. In addition to corn, other important agricultural items on the list include grain sorghum, cassava pellets, mung beans, peanuts, sesame, castorseed, kapok and kapokseed, rubber, hides and skins, sugar, canned corn, canned pineapple, and cotton linters.

South Asia

The countries of South Asia--India, Pakistan, Ceylon, Afghanistan, Nepal, and Bhutan--all receive Japanese aid. Investments in these countries, however, are quite small. Only a very few relatively minor projects involve attempts to increase agricultural exports.

Japan has supplied more Government credit to India than to any other nation. Reasons for this include Japan's membership in the Aid-India Consortium, sponsored by the World Bank; interest in the development of iron mines in India to increase the supply of iron ore available to Japan; and the potential that India has as a large market for Japanese capital goods. Limited Government credits have gone to Afghanistan, Ceylon, and Pakistan. All four countries have used Japanese export credits sporadically.

All six South Asian countries have participated in training and other technical programs sponsored by the Japanese Government and industry. Six training centers (four in agriculture) have been established in India, two in Pakistan, and one each in Afghanistan, Bhutan, and Ceylon. Japanese experts are serving in technical training capacities in all countries of the region. In India, where most projects are located, the major emphasis is on increasing rice yields.

The investment climate in countries of South Asia is generally unattractive to Japanese business. As of March 1970, Japanese investments in all of South Asia totaled only \$20 million (mostly in fishing, manufacturing, and mining)--\$11.4 million in India, \$7.2 million in Pakistan, and \$1.4 million in Ceylon. Two Japanese companies, operating in India independently of each other, are promoting the processing of green tea for export to Japan. A private Japanese team in India has been working to develop a steady source of supply of peanuts. Japanese companies are also considering production-for-export schemes in India for bananas and tropical fruit juices. However, for the foreseeable future, Japanese aid and investments in South Asia will contribute in only a very limited way to increasing farm exports from the region.

West Asia

Japan's imports of crude oil and other petroleum products dominate economic relations with West Asia--Iran and the Asian countries to the west of it. Large purchases of fuel cause Japan's current trade deficit with the region to approach \$1.5 billion annually. The only agricultural import of consequence is raw cotton from Iran and Southern Yemen.

Most West Asian countries have participated to some extent in the technical cooperation programs of the Japanese Government. Up to December 1970, some 1,000 persons from West Asian countries had received technical training in Japan under the sponsorship of OTCA. Of this total, 327 were from Iran and 184 from Turkey. A technical training center for small-scale industry, established by the Japanese, has been turned over to the Iranian Government. Japan is now setting up a telecommunications research center in Iran as an aid project.

Major Japanese investments have gone into petroleum resource development. Investments in fishing ventures are also of consequence. A number of Japan's large trading companies have offices and other facilities in the region. A proposed cotton production-for-export project in Iran has not moved forward as earlier expected. Apparently, there are no other farm projects under consideration for the region. Consequently, little in the way of additional agricultural exports from West Asia can be expected as a result of Japanese aid and investment.

AID AND INVESTMENTS IN LATIN AMERICA

In Latin America (Mexico, the Caribbean countries, and all countries to the South of them), the Japanese seem most interested in the development of new or expanded sources of food and fiber, mineral deposits, markets for the products of heavy industry, infrastructure projects, and certain industries manufacturing consumer goods for supplying local markets and providing exports to the United States. Japanese economic activity is rapidly expanding throughout the region but is most widespread in Brazil.

Brazil

Japanese immigration to Brazil began in 1908 and there are now some 700,000 persons of Japanese ancestry (150,000 born in Japan) living in the country--the largest Japanese community outside Japan. About half of them work in agriculture, but their contribution to farm production far exceeds their numbers. In Sao Paulo State, home of most Japanese-Brazilians, they represent less than 10 percent of agricultural workers but account for 30 percent of total farm production. The organizational skills of the Japanese are also apparent in related activities. Persons of Japanese ancestry operate Cotia, the largest Agricultural Cooperative in Latin America.

Japanese investment in Brazil--which started 16 years ago with the installation of a writing pen company--by mid-1971 totaled \$550 million. According to official Japanese sources, Japanese investments in the country are expanding more than 50 percent annually (7, 8, 24, 29). Japanese firms are engaged in such diverse activities as agricultural production, farming implement and fertilizer manufacture, fishing, electronics, harbor construction, export-import, road construction, shipbuilding, steelmaking, textiles manufacture, banking, and insurance.

In the latter part of 1971, a commercial mission from Japan visited Brazil to study the structure of corn production and port handling facilities, with a view to importing corn. Before returning to Japan, members of the mission said they believe Brazil will become one of the world's large exporters of corn. Their suggestions emphasized the need for infrastructure improvements, including development of harbors near the corn growing areas that can handle 60,000-ton ships, purchase of suitable railway cars, and installation of grain elevators and warehouses. Other suggestions included a study of the best combination of growing methods for the production of corn and grain sorghum, and creation of production-for-export incentives. This mission was followed by another primarily concerned with expanding grain sorghum production for export.

With the support of one of Japan's largest trading firms, an organization was formed in 1970 in Minas Gerais State to foster the production of cotton, soybeans, and corn on a half-million-acre tract. The Japanese firm made a commitment to purchase at market prices all the cotton grown on a 145,000-acre tract. Owing to a severe drought, it purchased only 1,200 tons in 1971. It expects to purchase around 3,600 tons in 1972. Production of 50,000 tons by 1976 has been projected by the Japanese firm. Substantial exports of corn, soybeans, and cottonseed are also anticipated by 1976.

A Japanese-based enterprise expects to complete a large poultry farm in Sao Paulo State in 1972 for producing layer-type birds. The foundation stock were shipped from Japan in April 1971. The farm expects to produce 800,000 chicks in 1972, 2 million in 1973, and 5 million annually by 1975. The chicks will be distributed to Brazilian farmers by a local agricultural cooperative. The enterprise will provide technical training in Japan for selected Brazilian employees.

In 1971, a joint Japanese-Brazilian meat production enterprise was launched in Mato Grosso State with several hundred cattle. Brazilians of Japanese extraction own 55 percent of the stock and Japanese nationals own the rest. A Japanese company owns a pepper farm near Belem. Another Japanese-owned enterprise produces green tea in Sao Paulo State. Japanese firms also operate abattoirs, cotton gins, a mint-flavoring company, and other agricultural product processing enterprises. Japanese trading firms export coffee, cotton, grains, meats, peanuts, pepper, sugar, and other farm commodities.

In mid-1972, a new \$1.1 million Japanese-owned fertilizer factory located about 200 miles north of Sao Paulo will begin operating. It will have an initial annual production capacity of 30,000 tons of fused phosphoric fertilizers. Raw materials will be obtained locally. One of the world's largest producers of tractors--a Japanese company--is installing a factory in Brazil. This factory will specialize in crawler-type tractors.

Several Japanese investments are concerned with infrastructure improvements that may well contribute to expanding agricultural exports and also create sales for the products of Japan's heavy industries. In 1972, a Brazilian subsidiary of a Japanese firm will complete a new shipyard, costing approximately \$17 million, in Rio de Janeiro. It will have a maximum shipbuilding capacity of 400,000 dead-weight tons. The project is in line with the Brazilian Government's policy of strengthening the country's maritime transport capacity. A Brazilian company that has a 15-year contract to deliver 100 million tons of iron ore to Japan is developing port and dock facilities in the State of Espirito Santo.

Under Japan's technical aid program, missions have visited Brazil in connection with river valley development and other agriculturally related projects. A few Japanese specialists are working on various technical problems. Two Japanese agronomists in northern Brazil are working on a pepper root disease problem which threatens this important crop, which was largely developed by the Japanese.

The Japanese Government provides scholarships for training Brazilian students and technicians in Japan. In 1970, training was provided for 13 Brazilian agriculturists in the following specialties: Agricultural cooperatives (two trainees), agricultural extension services (three), fish culture and propagation research (two), rice cultivation research (two), animal health (two), and coastal fisheries (two). The Japanese Government provided in its 1971 budget for continued training of Japanese farm youth for emigration to Brazil, and for funds needed by such emigrees.

Other Countries

The Japanese wish to expand farm product exports from all areas of Latin America in their drive to substantially increase their trade with the region. Numerous Japanese missions have visited virtually all of these countries in the last year or two. A 25-man, high-level mission visited Argentina, Brazil, and Chile in December 1971. Several countries have been host to numerous missions. Also, Japanese trading companies are expanding purchases and exports of Latin American farm products. Agricultural technicians from 21 countries of the region have received training in Japan.

Although many Japanese overseas investments are made in Latin America, direct investments in food and fiber production are limited. They include a farm in Ecuador to grow abaca for export and a beef production-for-export enterprise in Paraguay. Some investments have been made in fishing fleets and fish freezing plants in the Caribbean area. Involvement in railway, port, and warehouse installations that assist exports of farm products has been more extensive--such projects often provide markets for Japanese industrial products. Japanese trading companies have extended credit to farmers in Central America for producing cotton. And among the numerous projects reported under consideration are a vegetable freezing plant in Mexico, a sugar mill and a banana plantation in Ecuador, and grain handling facilities in Argentina.

Japanese involvements in mining ventures are numerous and substantial. Large Japanese firms are actively engaged in copper and iron ore development projects in Chile and in copper mine development projects in Peru and Ecuador. Construction of a 700-kilometer oil pipeline in Peru is reported under negotiation. Large-scale investments in manufactures include watch-making in Mexico and textile manufacture in Costa Rica and El Salvador. A major Japanese textile company expects to supply its U.S. market from subsidiaries in Central America.

Outlook

As a result of Japanese aid and investment, by 1980 farm products exports from Latin America will almost surely substantially increase. Direct investments in farming, the guaranteeing of markets, and infrastructure improvements will all contribute to the expected gain. The largest increase is expected from Brazil, where the Japanese are firmly established and are concentrating their efforts. Commodities which will be exported to Japan and elsewhere in greater volume include corn, cotton, meat products, soybeans,

tropical fruits, and other tropical products. The diet of many Latin Americans may be more nutritious and varied as a result of agricultural development projects participated in by the Japanese.

AID AND INVESTMENTS IN AFRICA

Africa is a growing market for Japanese goods and a key source of raw materials--especially several minerals and cotton, feed grains, oilseeds, and other farm products. Japanese policy toward that continent now emphasizes increasing aid, expanding investments (with emphasis on joint ventures), developing agricultural and mineral resources for export, and developing roads, ports, and other infrastructure to enable more goods to be exported and to provide new or expanded markets for Japanese-manufactured goods--especially the products of heavy industry (8, 9, 24). The Japanese intend to greatly expand their activities in Africa in line with expectations of rapidly increasing financial resources becoming available for overseas aid and investments and with their policy of directing an increasing proportion of their aid and investments to non-Asian countries.

Trade

Japan enjoys a favorable balance of trade with all of Africa, even when "flag-of-convenience" sales of ships to Liberia are excluded. However, trade balances vary greatly from one country to the next. The Republic of South Africa, Japan's largest trading partner on the continent, consistently has a wide margin of trade in its favor, owing to large exports of corn, sugar, and minerals to Japan. Large exports of minerals to Japan give Zambia a highly favorable balance of trade. Imports of cocoa from Ghana and cotton from the United Arab Republic markedly exceed total exports to those countries. Uganda's feed grain exports give it a favorable balance of trade with Japan. In contrast, Ethiopia, Kenya, Nigeria, the Malagasy Republic, and Tanzania each have a highly unfavorable balance of trade with Japan. These countries continually urge Japan to take more of their goods. The Japanese have responded with technical aid and a few investments to promote the production of corn and other agricultural products that Japan needs to import.

Aid

The Japanese report \$59 million as aid to Africa in 1969. Government-level aid totaled \$5 million, of which \$3 million was technical assistance and \$2 million, Government credits. Private enterprise aid consisted of \$17 million in investments and \$37 million in export credits.

Japan's Government-level aid to Africa has centered on technical assistance. Included has been dispatching Japanese experts and survey missions, training African students and technicians in Japan, establishing industrial training centers (in Ghana, Kenya, and Uganda), cooperating with medical aid (in Ethiopia, Ghana, Kenya, and Nigeria), and providing equipment and materials and assigning Youth Cooperation Corps members (in Kenya, Tanzania, and Zambia). Yen credits to four countries--Nigeria (\$30 million), Tanzania (\$5.6 million), Kenya (\$5.6 million), and Uganda (\$2.8 million)--comprise all the credit

extended by the Japanese Government up to 1971. Official Japanese policy statements indicate that large Government loans will be extended in the future, especially for expanding and improving infrastructures in connection with farm-product and mineral-resource enterprises involving Japanese companies. Credit terms on Japanese Government loans to African countries are to be softened.

Investments

Many Japanese investments in Africa center on developing oil and minerals to supply the ever-growing needs of Japan's industries. In 1969, a joint-venture company was created for mining copper in the Katanga region of Zaire. Enterprises have also been established for uranium development in Niger and oil development in Nigeria. Commercial negotiations have been conducted between Japanese private enterprise and South Africa for developing iron ore and coal deposits and for improving and constructing the infrastructure needed for these developments. Also contemplated are investments in iron ore enterprises in Guinea and Liberia and bauxite development in Ghana.

Resource development is almost always accompanied by improvement and expansion of railways, roads, and ports. Implementation of infrastructure projects requires long-term loans and Government-level economic and technical cooperation. The Japanese are optimistic that their participation in infrastructure construction projects will result in a marked increase in exports of heavy industry products to Africa. In 1971, a group of Japanese companies was involved in a \$14 million expansion of the Mombasa, Kenya, airport.

Japanese companies have established a few consumer goods manufacturing or assembling operations in African countries, mostly in East Africa. Enterprises include textile and plastic manufacturing, meat- and marine-product processing, and electrical appliance assembling. Such enterprises are generally welcome because they provide employment for local people. Japanese trading companies export cotton, coffee, and other East African products.

A number of Japanese companies have invested in fishing and shrimping industries in East Africa. Cold storage facilities for handling marine products have been built by Japanese at Mombasa, Kenya, and other African ports. Tuna, frozen shrimp, and other marine products from these enterprises are exported to Japan, Europe, and America.

The African Development Company, an affiliate of the largest farm supply cooperative in Japan, was created to produce and import corn and other feedstuffs from Tanzania and Ethiopia. The African countries made land available free of charge. The company is responsible for developing the land, installing the necessary commodity handling facilities, and constructing a transport system to facilitate shipment. All feedstuffs produced will be purchased by the Japanese cooperative.

A major Japanese trading company and the Malagasy Government have joint ownership in a Malagasy farm that will raise, fatten, and process the meat of 10,000 to 20,000 cattle annually. The processed meat will be marketed in Japan. Enterprises have been established in Ethiopia and Malagasy for manufacturing beef extract, and Japan is now importing this product from them. A joint-venture enterprise in Kenya will grow, process, and export green tea to Japan. Eventual annual export sales of 10,000 tons are anticipated.

Outlook

A substantial increase in exports of African farm products as a direct result of Japanese aid and investment will be several years in materializing. A larger and more varied supply of farm products will be available to consumers in some countries. Probably as much gain will come about indirectly from infrastructure improvement as from direct aid or investments in agriculture. As a result of Japanese-aided projects now underway or indicated, by 1980 one can reasonably expect to see much more corn, green tea, meats, oilseeds, and other farm products moving from East Africa to Japan.

INVESTMENTS IN OCEANIA

Oceania--Australia, New Zealand, and the South Pacific Islands--is an important source of agricultural and other raw materials for Japan. It also is a significant and rapidly growing market for industrial goods, but in 1970 Japan had a \$1 billion trade deficit with the region. Investment and trade centers on Australia.

Australia

Australia, with its abundance of land and mineral resources and its technical capabilities for greatly expanding production, is of keen interest to the Japanese as a growing source of supply of raw materials and as a market for industrial goods. With Australia's trade directions shifting from Western Europe to the Far East, Japan has become the Commonwealth's largest market for farm products. And for Japan, Australia is second after the United States as a source of imports--both total and agricultural.

At the end of 1970, direct Japanese investments in Australia totaled approximately \$80 million, but they are expected to climb to a half-billion dollars by 1975. Most Japanese investments have been in the form of minority equity interests in extractive industries. Generally, they have a twofold objective--to assure supplies of raw materials, such as iron ore or coal, and to assist the sale of capital equipment required for the development of these resources.

Japanese encouragement of Australian agricultural production for export began in a small way in the late 1960's. One of Japan's largest trading companies joined with an Australian company to promote grain sorghum pro-

duction in New South Wales and Queensland, mainly by offering a fixed price before planting time. In the spring of 1971, however, the Australian firm purchased the Japanese interest in the venture. Owing largely to unusually favorable rainfall, the 1971 harvest in these two States is estimated at 1.3 million tons--some five times the pre-1970 level. Grain sorghum exports to Japan in 1971 were approximately 1 million tons, compared with about a quarter-million tons in 1970 and only a negligible quantity in 1969.

Another large Japanese firm is promoting grain sorghum production on newly irrigated lands in the Kimberly region of Western Australia. Still another project in which Japanese interests are active is a combined grain sorghum, corn, and beef-cattle-raising enterprise in Queensland. The project's organizers expect to export 70,000 tons of feed grains annually by 1975.

Rapid growth in grain sorghum (and perhaps corn) production in Australia appears virtually certain. But it is not possible to evaluate the rapidity of growth, as much depends upon world demand and prices for farm commodities competing for the same land and capital resources, especially wheat and wool.

Japanese capital is invested in feedlot and other beef production enterprises launched in the past 2 years in Western Australia, Northern Australia, Queensland, and Victoria. Some production-for-export projects are sponsored by Japanese hotel and restaurant chains. Some are tied in with feed grain production projects. The largest project will consist of a herd of 20,000 head. It is contemplated that all commodities produced by these projects will be exported.

The Japanese have also shown a keen interest in promoting production of oilseeds, as Japan virtually depends on imports of these and consumption is growing rapidly. Japanese manufacturers have helped establish a rapeseed industry near the Western Australia seaport of Albany by offering to buy all production up to 50,000 tons annually at a very favorable price. The Government of New South Wales and Japanese importing interests have announced that the Japanese will provide a market for all oilseeds produced in New South Wales. The Government of New South Wales wishes to convert wheatland to oilseeds because of the world surplus of wheat. Much of the oilseed production will be exported to Japan.

In addition, a Japanese trade mission to Australia has indicated an interest in importing Australian-grown cotton.

Other Countries

Japanese businessmen are active in New Zealand and throughout most of the other South Pacific islands. On some islands, they have a near-monopoly on sales of industrial and consumer goods, sometimes by default of all other potential suppliers, but even more often by consistently offering lower prices. They are striving to contract for a substantial share of the road-building, electricity generating, and other infrastructure developments on the islands.

Japanese investments are found in business, fishing, mining, natural gas, and timber. There is virtually no direct Japanese investment in agriculture.

Meat and wool are the leading items imported from New Zealand, but the largest Japanese investments are in joint ventures for the production of pulp and paper and for an aluminum smelting plant. Cocoa and other tropical products are significant in Japan's import trade from the tropical islands of Oceania.

INVESTMENT IN NORTH AMERICA

As of March 1970, over one-fourth of Japanese overseas investments were in the United States and Canada. Most investments are for offices, sales outlets, and other facilities for Japanese trading companies. A number involve the development of mineral, oil, and forestry resources. None are concerned directly with agricultural production, although there have been some discussions of possible investments in farm production in Canada. Also, sunflowerseed is being grown under contract in Canada for shipment to Japan.

Of the 40 major Japanese overseas ventures (in terms of stockholdings) in 1970, eight were in the United States and three in Canada. Those in the United States were 100-percent Japanese owned. Two of the three investments in Canada were joint ownership ventures. Of these 11 large ventures, six were concerned with trading, three with lumber and pulp production, one with oil, and one with copper mining.

As of October 1, 1969, 38,747 Japanese citizens (including dependent family members) were staying overseas for business purposes for a period longer than 3 months. Of this total, 11,965 were in the United States (6,470 in New York City) and 640 in Canada.

Investments in North America are expected to continue to grow but to represent a steadily declining percentage of total Japanese overseas investments. By the end of 1970, they had dropped to about 20 percent of the total. Investments reported under consideration mostly involve the development of fish, gas, mineral, oil, and timber resources in western Canada and Alaska. A Japanese manufacturer has announced plans to establish a manufacturing plant in Wisconsin in 1972 to produce Japanese specialty foods for sale in North America. Large investments in agriculture appear unlikely.

INVESTMENTS IN EUROPE

Japanese investments in Europe are widespread but comparatively small. In 1970, about 11 percent of all overseas investments were on that continent, mostly in commercial undertakings. Of the 40 major overseas ventures in 1970, four were in Europe. Included were three banking investments--two in Great Britain and one in France--and a chemical industry venture in Belgium. All the major Japanese trading companies have one to a dozen offices in key European cities. As of October 1, 1969, 6,128 Japanese citizens (including

dependent family members) were stationed in Europe and the Soviet Union for business purposes.

Considerable interest has been indicated by Japanese firms in locating manufacturing facilities within the European Community (Common Market). Ireland is of more than average interest as a location because of the favorable environment for foreign investors and its prospective future entry into the European Community. A subsidiary of one Japanese firm is making sewing machines in Ireland. Several Japanese machinery manufacturers are reportedly planning to establish subsidiaries in the country.

A Japanese food firm and a trading company have joined with an Irish agricultural cooperative to establish a cheese factory in County Donegal. Operations began in July 1971. The annual output was to be about 500 tons initially and to increase to 2,000 tons. All output is for export to Japan.

Japanese capital has gone into tomato processing, textiles, and other business ventures in Portugal. Much of the output is destined for export.

In 1971, the French Government sent a special delegation to the Far East to solicit Japanese investments in the French regional industry development program. The French are interested in new ventures that will rely entirely on foreign capital, introduce improved technologies into the country, and provide additional employment opportunities in areas with relatively little industry. The Japanese have indicated a definite interest in the French proposals.

Although new investments will probably develop for specialty products of European agriculture, the Japanese contribution to increased farm production in Europe will probably never be large.

EFFECTS OF JAPANESE PROGRAMS ON U.S. AND WORLD TRADE

By 1980, it seems likely that Japanese programs will have generated increases on world markets of millions of tons of feed grains and oilseeds and several hundred thousand tons of cotton. These products will compete directly with U.S. products. In addition, the programs will result in significant increases in world supplies of silk, hard fibers, tropical fruits, green tea, and meats, plus smaller quantities of many other products. Leading gainers as producers for export will be Australia, Brazil, Cambodia, Indonesia, and Thailand (table 15).

Japanese import requirements for feed grains (mainly corn and grain sorghum) and oilseeds (mainly soybeans) are expected to gain rapidly. These are leading import items for which the United States is the dominant supplier. They are also the commodities on which the Japanese are placing most emphasis in their overseas programs.

Table 15.—Commodities that will have export increases resulting from Japanese programs by 1980, by producing country

Country	Feedgrains	Oilseeds	Fibers	Animal products	Fruits and cheese	Vegetables and products	Tea (green)
Corn	Grain	Soybeans	Cotton	Raw fibers	Meat	Cheese	
sorghum	Other		Silk				
Asia:							
Cambodia		x					
China (Mainland)		x		x		x	x
India		x	x	x		x	x
Indonesia		x	x	x		x	x
Laos		x		x		x	
Malaysia						x	
North Vietnam		x	x				
Philippines						x	
South Korea				x		x	x
Taiwan					x	x	x
Thailand		x	x	x	x	x	x
Africa:							
Ethiopia		x	x			x	
Kenya		x				x	
Malagasy					x		x
Tanzania		x					
Uganda		x					
Latin America:							
Brazil		x	x	x	x	x	x
Ecuador				x			
Mexico						x	
Paraguay					x		
Other:							
Australia		x	x	x	x	x	
Canada				x			
Ireland					x		
Portugal						x	

Note: x denotes increase.

The Japanese policy of producing domestically most of the livestock products consumed will continue. Nevertheless, imports of meats and other livestock products will increase substantially.

Much of the increased requirements for feed grains may be met from Japanese overseas projects involving aid, investments, or other production-for-export incentives, such as guaranteed prices. More corn will most likely move to Japan from Australia, Brazil, Cambodia, Indonesia, Thailand, several of the East African countries, and elsewhere. More grain sorghum will be imported, particularly from Australia, Brazil, Indonesia, Thailand, and probably Kenya. Nevertheless, overseas projects supported by the Japanese are not likely to supply all the growth in the market between 1970 and 1980. Therefore, the United States has a chance to maintain its 1970 volume but probably not its recent share of the Japanese market for feed grains. However, it must meet the competition of other traditional suppliers, including Argentina and South Africa.

Japanese imports of oilseeds will increase substantially. Part of this increase will be met from projects stemming from Japanese efforts in Australia, Brazil, Indonesia, and Thailand. However, oilseed production-for-export projects are of more recent origin than feed grain projects, so their future export availabilities are more speculative. The United States seems to have a good chance to maintain its oilseed volume, and possibly its recent share, in the Japanese market up to 1980.

Several important U.S. farm exports to Japan, notably wheat and tobacco, appear likely to be little affected by Japanese overseas aid and investments. However, for wheat, more intense competition probably can be expected from other traditional suppliers. Keen competition is expected for most other commodities, especially cotton.

Competition in third-country markets will be stiffer for feed grains and perhaps other commodities as a result of increased export supplies resulting from Japanese-supported projects. However, because of the anticipated growth in the market before 1980, U.S. opportunities to sell in foreign markets outside Japan will probably not substantially decrease.

The increasing variety in the Japanese diet, combined with rapidly increasing per capita incomes, should provide many opportunities to expand sales to Japan for many U.S. food items. Imports of dried fruits, nuts, processed vegetables, high-quality meats, and many specialty food items will undoubtedly expand quite rapidly.

To 1980, Japanese overseas programs seem unlikely, by themselves, to bring about an absolute reduction in U.S. farm product exports to Japan, and new opportunities are developing in that market. But Japanese aid and investment projects already initiated will provide strong new competition. Also, it seems likely that Japan will continue to expand the implementation of its policy of promoting farm production-for-export projects overseas and infrastructure projects that contribute to this end. Therefore, to maintain its export position, the United States must be fully competitive in quality, price, and terms and thoroughly reliable as a steady and sure source of supply.

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